The European Union has been the pioneer and undisputed leader of regional integration processes. Since its inception in the 1950s, following the Schuman Declaration that set in motion Jean Monnet's innovative idea to join together European coal and steel industries, Europe has offered a useful model for regional integration. Strengthened by the 1957 Treaty of Rome (exactly half a century ago), this bold entity was later transformed into the European Union by the Maastricht Treaty. Having successfully accomplished its primary goal ("to make war unthinkable and materially impossible"), the EU is currently facing challenges associated with its expansion and the deepening of its pooled sovereignty. On the other hand, the effects of the EU in international relations are of paramount relevance. While the forceful transposition of national and regional structures into other regions is a historical error, the essence of the EU as a model to be adapted by other regions is a viable approach to enhance stability and welfare. In this regard, this volume examines the current challenges of the EU and the perspectives of regional integration in Africa, Asia and Latin America.

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Regional Integration Fifty Years after the Treaty of Rome   Joaquín Roy and Roberto Domínguez (editors)

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The EU, Asia, Africa and the Americas

Joaquín Roy
and
Roberto Domínguez
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Jean Monnet Chair
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EUCE

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The Miami-Florida European Union Center of Excellence
A Partnership of the University of Miami and Florida International University
and
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The Miami-Florida European Union Center of Excellence (M-FEUCE) is one of the 10 *Centers of Excellence* supported by the European Commission at universities throughout the United States, as part of a broader effort to promote *people-to-people* contacts across the Atlantic. These centers promote the study of the EU, its institutions and *EU/US relations* through teaching programs, research and outreach activities in their local and regional communities.

The Jean Monnet Chair of European Integration, awarded by the European Commission's Jean Monnet Action of the General Directorate of Education and Culture in 2001 to the University of Miami, has been exclusively dedicated to strengthening the teaching and research of the EU, with a strong specialization on its relations with Latin America and the Caribbean and comparative regional integration.

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Preface

Joaquín Roy and Roberto Domínguez

The present book is the result of considerable consultation and an enriching debate held in several seminars, symposia, and conferences throughout 2006 and 2007, under the auspices of the Miami-Florida European Union Center of Excellence (a partnership of the University of Miami and Florida International University), the Jean Monnet Chair of the University of Miami, and the International Studies Association (ISA). The contents of this book are divided in three sections.

The first section opens with chapter that analyzes the historical dimension of the Treaty of Rome. Joaquín Roy argues that the main difference between 1957 and today is that back then there was an identifiable leadership and a mission to be accomplished – to stop the European wars. This task was to be implemented by a function. Once this was identified, the institution was created. However, today, the leadership capable of defining the current functions of the EU seems to be absent.

The chapter by Gaspare M. Genna reviews the range of theories of regionalism and synthesizes power transition and institutional theories of regional integration. Specifically, his argument is that the likelihood of institutionalized regional integration increases under a power preponderance, structural condition and high levels of trade which promote homogenization of domestic institutions. Increasing homogenization, in turn, promotes trade and integration. Markus Thiel compares in the following chapter the major international organizations present in Europe (EU, NATO, OSCE, Council of Europe) and examines if there exists, at a minimum, a normative concern for minority rights and the promotion of societal security and secondly, what kind of institutional mechanisms and responses these organizations developed to attain these goals.

The second section of the book covers the experiences of regionalization in Africa, Asia and the Mediterranean region. Olefumi Babarinde asserts that while it can be useful to employ tools and lessons from the experience of the EU to critically examine the AU, there are, nonetheless, limits to the comparison of the AU and the EU: "The AU will have to chart its own course, travel at its own pace, find its own rhythm, and write its own history." On the other hand, in the case of Asia, Katja Weber sustains that while institutions are being created to enhance transparency, efficiency and trust, the East Asians need to address their

historical legacies to promote security. As to the case of the Euro-Med, Astrid B. Boening argues that even though some progress has been made, too much needs to be done in the regions bordering the Mediterranean to remove obstacles not only to economic traffic but to build bridges to traverse the cultural and political diversity between the East and the West and the North and the South of the Mediterranean, and to substitute military clashes with peaceful socio-economic and cultural interactions.

The third section of the paper analyzes the cases of regionalism in the Western Hemisphere. Laura Gómez-Mera focuses on compliance and implementation gaps in the four main regional organizations in Latin America and the Caribbean, namely, CACM, CAN, MERCOSUR and CARICOM. Her results suggest that, consistent with enforcement perspectives, trade dependence on the regional market and regional hegemony are important explanatory variables for predicting implementation achievements. By contrast, she argues, limited empirical support is found for hypotheses linking regime type and state capacity with implementation.

As to the study of specific regions, Roberto Domínguez analyzes the recent evolution of NAFTA and states that the operation of NAFTA has set in motion a process of regionalization in North America, and gradually an increasing number of policies encompass a regional dimension. As to the CARICOM, Wendy Grenade affirms that there have been concrete steps toward deeper integration, for example, the establishment of the Caribbean Court of Justice (CCJ) and the launch of the Caribbean Single Market (CSM) in 2005 and 2006 respectively. Yet, despite those visible attempts to deepen integration, the emerging institutional design still caters for a minimalist form of integration.

With regard to South America, two chapters explain the dynamic in the region. Aimee Kanner, on the one hand, argues that since 2005 the CAN and MERCOSUR have initiated but not consolidated exercises of good governance, particularly in the social, environmental, and cultural competences. On the other, Marcos Aurelio Guedes de Oliveira showcases how the decline of trade as a central issue for the integration of South America and discusses the new period of integration in the region marked by security issues, whereby the South American Community of Nations (SACN) offers a new perspective for the regionalization in the area.

We truly hope that the contributions of these chapters will shed considerable light onto the most crucial aspects of comparative regionalism. It is with this belief in mind that we would like to express our gratitude to the many staff members of the EU institutions and its leaders for the confidence bestowed on us for both the twin awards of the European Union Center and the Jean Monnet Chair. After all, we sincerely believe that, in this particular region of the world, the EU model, if properly modified and adapted, has great potential for success.

Works like this owe much to many people and institutions, impossible to all be listed here. However, the editors would to especially like to recognize the

support and assistance during the conferences and symposia and in the preparation of the chapters and their previous partial distribution as occasional papers. We offer our special gratitude to Catherine Cottrell, Eloisa Vladescu, Aimee Kanner, Carlyn Jorgensen and Michail Vafeiadis.

Miami and Boston

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I. General Trends on Integration

Reflections on the Treaty of Rome and Today's EU♣

Joaquín Roy

A Year of Truth

It may sound too dramatic, but two years after the Spanish initial effort in February of 2005 to ratify the EU constitutional text, it was felt that "it is now or never for the EU." The year 2007 was considered to be decisive for the organization for the coincidental reason that fifty years ago the EU took its second daring step with the Treaty of Rome of March 1957. This epoch-making document transformed the initial European Coal and Steel Community (ECSC), announced by the Schuman Declaration on May 9, 1950, and officially born in 1951, by incorporating the European Economic Community (EEC) and the European Atomic Energy Community. The new entity was collectively and legally called the European Communities. Then it was simplified to be known as the European Community (EC), though it would come to be popularly called the Common Market, a label still used by generations of Europeans.

This thoroughly economic dimension signaled that the new creation had made it to the third stage of economic integration. It had hereby graduated from the second stage, the Customs Union, which imposed a system of common tariffs. It had come a long way from the ECSC, the first experiment that included (in a limited common market) only two products. However, they were strategic and necessary to produce weapons. The new entity was intended to "make war unthinkable" and eventually "materially impossible."

In the mid-1980s, almost three decades after Rome, the architects of the experiment realized that in order to complete the Common Market as contracted in 1957 they would need over three hundred individual regulations. This was the only way to guarantee the full circulation of goods, capital, services, and people. So Jacques Delors, president of the Commission, the EC's executive body, convinced the Council of the need to approve a Single European Act (SEA) in 1986 which had also prepared the way a few years later for the Maastricht Treaty (1992) which created the European Union.

Then the double coup came in. First, the EU adopted the euro as a common currency (anchoring the fourth level of integration, a monetary union). Second, it proceeded to execute the most spectacular broadening in its history --it almost

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doubled in size-- with three phases of additions. In 1995, Austria, Finland, and Sweden were incorporated because of the exhaustion of their "neutral" stance during the post-war period. Then in 2004, ten countries were added in a single move, eight of which had been part of the Soviet bloc for almost 60 years, plus Cyprus and Malta. Finally, in early 2007, two other countries, Romania and Bulgaria, joined the EU, bringing the members total to 27. The EU already comprises half a billion people. All of this has been accomplished in just 15 years since the end of the cold war.[1]

The impasse of the constitutional process marks its presence five years since the adoption of the euro by 300 million citizens in the thirteen countries of the EU, as well as a handful of mini-states that had previously used the currencies of the EU Member States. The euro was a success in all basic monetary operations. Although the dollar remains dominant in terms of the setting of prices and tallying debt, as an exchange currency the euro is on the verge of surpassing it. And while the dollar remains ahead of the euro as the official reserve currency, the euro is catching up in this regard as well (Lorca 2007).

However, while these two ambitious moves proved to be highly successful, the warnings have not diminished regarding the need for the institutional reform of an organization used to dealing with fifteen more-or-less collegial members. In response, the EU committed itself to complete its legal framework with the approval of a constitutional treaty that would serve to codify and update the various proposals to render the integration project more viable and effective and give it an international profile more in keeping with the demands of today's complex world. Unfortunately, the Constitution was derailed halfway through the ratification process with the rejection by Dutch and French voters (Roy 2005c).

With the project put on hold until more favorable conditions emerge, observers were looking towards the German presidency of the EU in the first semester of 2007, with an eye placed on the results of France's May elections. The energy of the German government and the disposition of the new leadership in Paris would certainly determine the future course of the EU.

Three crucial dimensions deserve an analysis in comparative terms of how the EU looked half a century ago and how it is today. The first is related to the different nature of its leadership, then and now. The second calls attention to the fact that the 2007 anniversary was in a way unfair and inaccurate in anchoring the birth of the European Union solely on the Treaty of Rome of 1957 and the implementation of the trio labeled European Communities with the addition of the EEC and EURATOM to the original ECSC. The third, closely connected with the spirit of the second, is a subtle, but decisive, contrasting approach, and theory applied to regional integration then and now, and how this issue affected the process of the European Union.

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[1] For a comprehensive collection of essays on the enlargement, see Joaquín Roy and Roberto Domínguez, eds., 2006.

European Leadership

Elitist, cultivated, cosmopolitan, technocratic, visionary, arrogant. These have been some of qualifiers bestowed on the foundational protagonists of the European integration process. By applying these epithets to the personalities of a couple of emblematic Frenchmen (Jean Monnet and Robert Schuman) and then extending the label to German Konrad Adenauer, Italian Alcide de Gasperi, and Belgian Paul-Henri Spaak, one can easily understand the spectacular success of the project as expressed in the current reality of the European Union.

Today we can see that without the original decisive leadership of the "founding fathers" nothing would have been the same. Moreover, while "nothing would have been possible without the work of these men" (as Monnet loved to cite the Swiss philosopher Amiel), "nothing would be lasting without the institutions, pillars of civilization." Monnet believed the project of integration to be solidly grounded on independent entities, armed with a budget capable of meeting the expectations for success.

These men knew then that they faced a crucial choice. On the one hand, they wanted to avoid repeating the errors of the past. They rejected the inventing of grandiose pseudo-federal schemes equipped with no political will that led nowhere in terms of providing economic and social stability and were incapable of stopping the endemic European wars. On the other hand, they had to opt for innovating, in a bold and elitist move, through a decisive manner, a new, practical, "functional" approach.

Additionally, their decision was impelled by the firm conviction of correcting the failure of the traditional political formations, the historical parties that were part of the problem, instead of finding a solution. The leadership at the time also distrusted the masses, kidnapped by totalitarian ideologies. These dogmas, in addition to outbursts of racist hypernationalism, had pushed Europe to the brink of suicide, risking the near destruction of its civilization, orphaned of institutions.

Monnet and Schuman, and later the drafters of the Treaty of Rome, considered themselves free from guilt, although they collectively accepted the European original sin for causing wars. They faced the new task of integration with responsibility (in its etymological sense), already in their mature years, without having to avoid the risks that would endanger their careers. They became responsible, not in front of "God" or "History" (as in some extremist regimes), or of even the "Nation," but to Europe, which they disposed of its false Arian connotation given by Hitler.

Free from unneeded political ballasts, they pretended with some degree of wisdom to play simultaneously the Atlantic loyalty and the Pan European specificity. Without a nod from the United States (with its Marshall Plan and its nuclear umbrella), the integration project would had floundered. What was

avoided was the dark choice between becoming "a Russian colony" or "an America protectorate."

Ideologically, they insisted on fusing liberal positions with socialist ideas. While it was assumed that the capitalist system would be strengthened in its economic dimension, it would also be reinforced with a social pact. The need for political redemption and effective reconciliation made possible the success for cooperation between personalities on the left and right, a solution whose legacy is still present today in its fundamental issues.

Thanks to this elitist approach, the founding fathers did not have to depend on opinion polls and the capricious inclinations of the masses, avoiding the effects of the "re-nationalization" of the integration process, now subjected to the electoral cycles. Today, European leaders cannot afford the luxuries of their predecessors a half a century ago. Or, at least, they do not want to face the risks (Viñas 2006).

This early privilege of having a hands-free power for deciding and influencing the first steps of the European integration process is the key for explaining why the dawn of the EU was dominated by a political vision that was enshrined on a sectoral, concrete operation, pretending that the states are not to be the dominant actors. At the same time, a keen analysis has been detecting that the reaction coming from the national governmental structures was also present at birth, ranging from subtle to obvious in the evolution from the original Schuman Declaration to the crafting of the subsequent institutional framework to manage the European Coal and Steel Community. Moreover, this evolution became clearly and empirically apparent by the legal web as exposed by the Treaty of Rome that put together the new triangular structure.

Two Contrasting Approaches

From a "vertical" perspective as shown on May 9, 1950, Europe evolved towards a rather "horizontal" approach in implementing "an ever closer union" on March 25, 1957. In essence, this oscillation is still present today. A widening "federalist" concept of regional integration was put in practice by the Treaty of Rome design, derailing the foundational mission anchored in sectoral integration, as expressed in the Schuman Declaration (Sebesta 2006).

The scant lines of this intriguing document are enough proof of its intentions and offer a mechanism for obtaining the primary purpose (the end to European wars). The functionalist approach, a political theory elevated to doctrine, insisted on this need of acting upon a limited dimension, a sector. However, this tactic had to be executed decisively. Instead of planning and compromising alliances, the functionalism hidden behind the Schuman-Monnet offer would build a "de facto" solidarity. Moreover, the sharing of a concrete portion of economic sovereignty (coal, steel, oil, etc.) should be placed in the hands of an entity designed for that purpose only.

The alternate approach was to be expressly elaborated in mapping out of the European Economic Community, born at the same time as the sectoral EURATOM (designed around one industrial activity). In contrast, what was envisioned by the organization that was commissioned to manage the Common Market was in fact the seed of a federal state. Ironically, this expression that with time became a taboo, not to be mentioned any longer in official documents, was actually inserted as a blunt ending in the Schuman Declaration: "this proposal will lead to the realization of the first concrete foundation of a European *federation* indispensable to the preservation of peace". This "F" word became the target of the empty chair tactic of De Gaulle (De Gaulle 1994) and it was the trademark of Margaret Thatcher's opposing the deepening of the EC (Thatcher 1994).

Forgotten by many as mere additional words with no substance, the preambles of the successive treaties that supported the founding of the initial EU provide a striking comparative glimpse about the priorities of each one of the documents and their political and economic philosophy (European Communities 1994). With this idea in mind, significantly, the preface of the ECSC treaty insists on the issues of the need for peace. It commits itself to build a new Europe based on "practical achievements" that will create "real solidarity." It also advances the intent to raise "the standard of living" through institutions and the establishment of "an economic community" to substitute for "age-old rivalries." In turn, the preamble of the Treaties of Rome stresses the plan for "an ever closer union" through economic an social progress, eliminating barriers and obstacles, strengthening the unity of economies and ensuring harmonious development, reducing differences in regions and restrictions to international trade. But the document ends with a commitment to preserve and strengthen peace and liberty. The result of this comparison is a subtle mirror image: the ECSC promised to implement a political goal through step by step actions (functions), while the EEC furthered the tackling of the economic and social advancement. In a way, it predicted the need for the future support of the integration process, to be sustained by economic and social results easily perceived by the citizens. The maintenance of peace was to be taken for granted.

When the EEC and the EURATOM projects became operational and their ratification in sight, Monnet supported the new stage of the integration process from the backstage perspective of the Committee for the United States of Europe, the consultative and lobbying entity where he took refuge when he declined having a second term as president of the High Authority. However, this was not his standing attitude. He had expressed doubts about the switch to a "horizontal" Europe, away from the "vertical" sectoral approach that presided over the logic of the Schuman Declaration and the foundation of the ECSC (Monnet 1978; Monnet 1994; Duchene 1994; Schuman 1963; Hallstein 1962). When the design of the European Defense Community collapsed, Monnet and others pondered about the next move and saw that in the absence of an alternative project, the future of the Coal and Steel scheme was in doubt. They then turned their attention

to identifying other sectors. They found them in the area of energy and transport, and narrowed them down to nuclear energy. This identification, once more, was in tune with the preoccupations of the U.S. administration that under Eisenhower engaged in selling the "Atoms for Peace" initiative.

Theoretical Prisms

From the point of view of the theory of integration, the ideological/philosophical support of the Schuman/Monnet idea was explained by the "functional" theory expressed earlier by David Mitrany (Mitrany 1966). As reinterpreted by Monnet, the function dictated the shape of the pieces of the organization, not the other way around. Hence, the novelty and specificity of the High Authority was called by the precise, revolutionary function of the pooling of the coal and steel industries. As reshaped and enriched by Ernest Haas in what was known as "neofunctionalism," this theory downgraded the role of the state as a "delivering" actor to meet the demands of the complex societies of Europe (Haas 2004). The key for the successful implantation of this logic of integration was the "spill over" effect of one sector acting under the pressure of "pooling" sovereignty to cover other portions of the economic and societal fabric.

The exhaustion of the "neofunctionalist" view contributed to the rise of an analytical and theoretical mapping that owed much to the realist tradition. In turn, it demanded due credit to the role of the states and national governments. "Liberal Intergovernmentalism" then interpreted that the success of the subsequent stages of the EU from the Treaty of Rome to Maastricht could be easily explained by the cooperation of the governments, downplaying the autonomous work of the institutions (Moravcsik 1998, 1994; Chryssochoou 2001; Diez and Wiener 2004; Marks 1996; Rosamond 2002; Nelsen and Stubb 2003).

The problem was that no matter what degree of credit the institutions receive, the reality is that the EU could not cope with the new task ("function"). As created by the post-Maastricht revolution, Brussels prepared for the incorporation of a large group of countries of which a majority was previously under Soviet influence. The structure was seen as designed for a small number of national actors with a certain degree of cohesion and similar development level.

The traditional custom of modifying the original Treaty of Rome with subsequent documents composed of amendments was considered imperfect and obsolete. Hence, the decision was made to design, discuss and approve a new legal framework that would be called a "Treaty establishing a Constitution for Europe," known for short as the "Constitution." After a long, open, elaborate process and democratic as much as possible, within the intergovernmental logic, the result was a huge text, a sort of encyclopedia of principles, regulations and methods that only a minority of legal experts could comprehend and make sense of. It is not surprising that some governments, in an exercise of hypocrisy because they commissioned high level representatives to participate in the drafting

process, expressed doubts about the ratification possibilities of the "Constitu-tion." Meanwhile, some European societies gave clear signs of planning to use the referendum opportunities to punish their own governments and Brussels for problems experienced in their own context and out of fear hovering over their heads. The result is that the constitutional process was frozen since the rejections rendered by the French and Dutch electorates.

From the perspective of the historical context during the times of the Schu-man Declaration and the Treaty of Rome, the obvious contrast is given by the decisive (negative, oppositional) presence of a divided public opinion and the absence of an effective political leadership, much needed in times of crisis.

Friends in Madrid

As a repeat of the Spanish initiative two years earlier to lead the ratification process, the representatives of eighteen European countries (with the moral sup-port of two others) of the EU met in Madrid on January 25, 2007. These twenty Member States had already approved the constitutional project or had promised to do so (Portugal and Ireland). Only Spain and Luxemburg had ratified the com-plicated code in popular referendum. The rest prudently had bestowed their seal of approval in a parliamentary process (Torreblanca 2007).[2]

These "Friends of the Constitution," as they called themselves, had a com-mon goal. They yearned for the revival of the approval process. They regretted with pain that a handful of millions of European citizens took hostage more than 60 percent of the population of the EU, numbering half a billion voters. Twenty Member States saw their EU plans derailed and frozen by the stubbornness shown by two dissidents (actually, only a portion of their potential electorate)

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[2] For a selected review as reflected in the press: Mark Beunderman, "Luxembourg calls off EU constitution conference". *EU Observer* http://euobserver.com/9/23321/?print=1, Jan. 23, 2007; Andrés Ortega, "En busca del tratado perdido." http://www.elpais.com/articulo/interna-cional/busca/Tratado/perdido/elpepiint/20070122elpepiint_6/Tes, 22 enero 2007; Wolfgang Mun-chau, "Europe's constitution may not be dead after all". *Financial Times*, Jan. 23, 2007; George Parker, "Minister and friends seek to save EU treaty". *Financial Times*, Jan. 23, 2007; *Financial Times*. "A better starting point for Europe's constitution debate". Jan. 25, 2007; Margot Wallström, "From muddle to huddle in Europe's". *Financial Times*, January 25, 2007; Quentin Peel, "Fresh battle lines drawn over revised constitution for Europe". *Financial Times*, Jan. 31, 2007; *The Econ-omist*. "A monster lives again". http://www.economist.com/world/europe/displaystory.cfm, Feb. 3, 2007; Andreu Missé, "Veinte países de la UE aceptan cambios para recuperar la Constitución europea". *El País*, 27 enero 2007 http://www.elpais.com/articulo/internacional/Veinte/pai-ses/UE/aceptan/cambios/recuperar/Constitucion/europea/elpepiint/20070127elpepiint_3/Tes,; *El País*, Editorial. "El enfermo europeo". http://www.elpais.com/articulo/opinion/enfermo/eu-ropeo/elpepiopi/20070127elpepiopi_3/Tes, 27 enero 2007; *Newsweek*. "Europe's sneaky attempt to revive its Constitution". http://www.msnbc.msn.com/id/168480358/site/newsweek/print/1dis-playmode/1098/, Feb. 5, 2007; Andy Clark, "What next for the European Constitution?", Jan. 25, 2007.

and the ambivalence expressed by two others (the United Kingdom and the governments of the Czech Republic and Poland).

For this reason, the majority of the Europeanist and federally-inclined population consider that the result, in the first place, is not fair. Secondly, it damages the general welfare of the EU in a complex and uncertain world that needs the effective action of political blocs and economic conglomerates, equipped with impacting influence and political vision. An EU marooned half way, with institutions thought for a half a dozen of members, housing already twenty seven, is not the best method to advance.

Facing this situation, the Spanish government took the initiative and convoked the Madrid meeting to exchange ideas to help the EU progress of the constitutional trap. The government of Rodríguez Zapatero seems to have accepted the same risk when coming to power in 2004, when it planned the early referendum as a launching pad of its Europeanist example. Spain delivered magnificently with more than two thirds of the votes as "yes" for the text.

Let's remember that the Spanish path through the EU labyrinth reveals a perceptible oscillation. Observers easily will note the contrast between the enthusiasm by which the successive administrations led by Felipe González since 1982 undertook the process of European integration versus the ambivalence of the government of José María Aznar, especially his second term from 2000 to 2004 supported by an absolute majority.

In part because the adventure taken by U.S. President George W. Bush in Iraq, Aznar led the inclination of the "New Europe" towards a neo-Atlantism, damaging the deepening of the EU. Although the Spanish government (and the representatives of the governing Partido Popular, delegated by Madrid) actively participated in the elaboration of the Constitution (Borrell et al. 2003; López Garrido 2005; Méndez Vigo 2005). The discussions caught Aznar when retiring from power with a veto inflicted on the voting system. This decision retarded the process and timed it wrong, casting further doubts in other electorates and governments eager to obtain last minute advantages of effective power results. Only the electoral victory of the PSOE got rid of this obstacle (Roy 2005).

Nonetheless, the subsequent difficulties of the ratification process advised Madrid of a margin of prudence during the "reflection period" to be taken in search of solutions. This term was exhausted without innovative ideas. Hence, the Spanish government took the initiative, coinciding with the German presidency, of providing an incentive to find a solution. It was not easy and the meeting ended without decisions. It was further discovered that even this group of "friends" had contrasting opinions. Under the pressure of other governments, Luxemburg decided to postpone its follow-up meeting.

The record and the background of the Madrid extraordinary conclave show that Spain and the most daring allies consider that the text should be further reinforced with more social warranties and the strengthening of the subsidiarity dimension (respect for state and local sovereignty). They also demand better

protection for the environment, attention towards climatic change, legislation to regulate immigration, an effective energy policy, more precise conditions for new membership, and a deepening of the European security and defense policy (Rodríguez Iglesias y Torreblanca 2006).

Other members with a more cautious approach signal that these measures are already present in the existing treaties. The text should then be reduced to codify some of the most innovative initiatives: a stable presidency with a two and a half years term, extended to a second for a total of five years (a mandate coinciding with the term of the president of the Commission and the Parliament), a Foreign Minister doubling as Vice President of the Commission, the expanding of the qualified majority vote, and reinforcing the power of the Parliament (Mangas 2007). This represents a challenge for the German presidency, facing a unique opportunity of showing leadership and searching for equilibrium.

Berlin Expectations

What were, then, the real perspectives of the project? It depended, in the first place, on the energy applied by the presidency and on what kind of positive co-operation it receive from the most audacious allies, and second how the opposition could be neutralized.[3] Finally, it all also hinged on what kind of legacy the German presidency would delegate to the succeeding presidencies of Portugal, Slovenia and France. While the enthusiasm of Slovenia will be backed by a general consensus, it remained to be seen who will preside in France, and what kind of attitude the new leadership would show once in power, free from the constraints of the electoral season. Only then would the EU be able to have a real reading of the demand made by Nicolas Sarkozy to negotiate a "mini-treaty" and the promise made by Ségolène Royal to subject any project to a new referendum. In any event, it all would ultimately hinge on the solution offered by the United Kingdom under either a new Labour leader or, worse, Tory conservative (which has threatened to bury the Constitution) in Downing Street.[4] This may help end or at least clarify the Hamletian doubt that has perennially dominated the British mind regarding the EU. Czechs, Polish and allies will probably endorse a consensus in the end, without risking the appearance that they are applying to leave the Union.

In any event, the double burden was on the German presidency. On the one hand, it was commissioned with a clarification of the Constitutional process. On the other, it had to face the drafting of a declaration in commemoration of the 50th anniversary of the Treaty of Rome. The first temptation was to make the two issues apart, without even mentioning the polemic text in the address due on March

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[3] The amount of policy papers produced before and during the German presidency is impressive. See a sample: Thomas More Institute, 2006.

[4] Sources Say, "UK conservative leader determined to bury EU Constitution", March 7, 2007.

25th. This alternative was the chosen in view that a direct mention of the Constitution would be taken as an unneeded irritation, before the actual plan of tackling what to do with the text or its content in May and June. So, the elected solution apparently was to avoid the direct reference. Instead, euphemisms such as "political engagement" were to be used. The sensitive point of the conditions for membership would be solved by leaving the door open but insisting on the requirement of meeting all the criteria. The second challenge was still equally daunting because it involved electing between issuing one bland, general, diplomatic statement, or elaborating on the accomplishments and the future missions to be taken by the EU. A compromise seemed to be accepted with the insertion of references to the euro and the social model.[5]

All this has to be placed in the context of the record of member states activity in the long period of reflection since the shock of the French and Dutch rejections of the Constitution. The balance is pessimistic and does not say much regarding the primacy of the initiative of the governments exposed by the "liberal governmentalist" view. From May of 2005 to mid 2007 not a single fresh, concrete, innovative idea (beyond convoking the Madrid meeting and the testing words by the German presidency) came from the capitals of Europe (Torreblanca 2007). In contrast, at least the Commission tried to explore a strategy of explaining the process and alternatives (e.g., the task taken by Vice President Margot Wallström). The Parliament energetically pursued a similar line with practical studies (Duff-Voggenhuber report). Meanwhile, all initiatives and speculations hinged on three basic alternatives. The first was sticking to a plan for the approval of the existing text, a process that would only be possible if there would be a second referendum in the two rejecting states. A positive outcome would then convince the doubtful to take the same route by avoiding the public referendum. The second was the rescuing of the treaty by getting rid of the unneeded ballast and presenting it as a reduced text. The third was the opposite, which involved salvaging of the good merchandise now encapsulated in the EU ship at risk of sinking. Let it sink, advocates of this solution said, and just implement the needed measures, subject to ratification by the governments or parliaments. This practical solution would avoid another fiasco.

Time to Make a Decision

On the eve of the 50th anniversary of the Treaty of Rome, the German presidency was mandated with the issuance of a Declaration. It was to be a short address, easily understood by the common citizens. However, its background ran the risk of presenting it as a convoluted document that encountered difficulties in

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[5] Sources Say, "EU presidency seems to advance in 50th anniversary declaration" March 9, 2007; *Diario las Américas*, "UE no mencionará la palabra Constitución en 50 aniversario." 7 marzo 2007.

achieving a consensus. Observers (Torreblanca 2007) accurately pointed out that the EU had previously missed the opportunity to define itself both at the 50th anniversary of the Schuman Declaration and when the Treaty of the European Coal and Steel Community's half-century term expired in 2002. Josep Borrell, the Spanish president of the EU Parliament, claimed that in order to develop a declaration based on principles and values, the EU leadership would only have to look at the proposed constitutional treaty and read its preamble, part I and the Charter, key documents that all 25 members had signed and that now some were pretending to ignore. For its part, the Commission insisted on taking measures as counteractive to a rejection of the referendum by stressing the need to complete the internal market, deepen social dimensions, reinforce the space for freedom, security and justice, open up a debate on future enlargements, establish coherence on issues of external action, implicate national parliaments in the legislative process, and achieve an agreement on institutional reform. The Declaration would therefore represent a substantive exercise, rather than just a bland historical commemoration.

With this in mind, Torreblanca recalled that early in 2006 the President of the Commission, José Manuel Barroso, addressed the EU Parliament with a wish list: "solidarity" in terms of economic and social cohesion; environmental sustainability; institutional responsibility; "security" perceptible by the citizens; and the promotion of EU values in the world. Even though the Council had accepted this political scope in mid-2006, the conclave held at the end of the year limited itself to the commemoration and the reaffirmation of the values of the Europe.

Following the constitutional gathering organized by the Spanish government in Madrid, the difficulties of the process became increasingly evident. Though the Commission insisted on the endorsement and the social reinforcement of the five priorities expressed by Barroso, the UK expressed satisfaction with the EU's enlargement and the fall of the Berlin wall, while the Czech and Polish governments insisted on the insertion of liberalism, Atlanticism and the Christian roots of Europe. Whereas Sarkozy's proposal of a mini-treaty was surpassed by a majority soliciting a "Constitution-plus", the alarm sounded when signals from London indicated that the Labor party would avoid the "Europeanization" of the election in 2008 at all cost. Ironically, the strategy of respecting the "red lines" in order to anchor the UK in the EU was no longer valid. Among other reasons, this is because these privileges have enraged the Left in countries like France. In fact, the French "no" made the UK referendum practically impossible. Although representative of only a minority overall, Belgium and other states would push for provocation of the unthinkable.

Finally, after much speculation and last minute details, language reformulation and in-depth analysis, the Declaration was issued, reflecting a minimal consensus and a strategy developed by the presidency that had limited success. The very short text (barely 650 words) had an introductory section in which the EU congratulates itself on its accomplishments. It deals with the combination of

the rights of "the individual", the uncertainty of the world arena, and then out-lines the Emus' most valuable dimensions. Finally, Section III of the Declaration returns to the "unification" of Europe as a dream of "earlier generations" that has now become a reality. However, history reminds us that we must "always renew the political shape of Europe in keeping with the times." That is the reason why today we are "united in our aim of placing the European Union on a renewed common basis before the European Parliament elections in 2009." In any event, the Declaration pledges once again that "Europe is our common future."

Although the word "constitution" was dropped from the text, it still read as hav-ing the intention of finding a solution for a documentary commitment to the spirit and purpose of the Constitutional Treaty. The time frame provided a temporal context for the "road map" which is supposed to be issued at the end of the Ger-man presidency in June of 2007. Skeptics evaluated this compromise simply as a postponement of the thorniest issues, such as those detected by the Polish gov-ernment regarding the voting system. The same can be said about the diplomatic compromise to gloss over the European socio-economic "model," a source of conflicting interpretations during the disastrous ratification process in France and the Netherlands. In the background of this Declaration, the German presidency took itself to execute the second crucial step: the issuing of the skeleton of the draft of the new Reform Treaty.

The Birth of the Reform Treaty

In numerous Mediterranean countries there is the custom of preparing bonfires on June 23, which is erroneous, because the solstice falls on the 21th. In the North of Europe, pagan traditions still survive that celebrate the centrality of the sun, making it to return when the winter solstice is approaching. In any event, that night of June 23 was the longest night of the year for the EU. Or at least this was the experience of the German presidency when at dawn Chancellor Angela Merkel manager to extract an agreement from her colleagues to fix the Basic line of the projected Treaty of Reform, filing the vacuum left by the failed European Constitution.

The European leader that went to rest with the greatest satisfaction was Por-tuguese Primer Minister José Sócrates. Without an accord, Portugal would had inherited the impasse that shackled the EU for two years, and would had ruined the semester presidency until the end of the year. Until then, according to the de-sign agreed upon in Brussels, the European leadership would have to draft and approve a new text of a Reform Treaty. This new fundamental law of the EU would adjust the Treaty of Rome, 50 years after its birth, by which the European Economic Community was founded, and the Treaty of Maastricht of 1992, that transformed it into the European Union. The new deal would have to be finally ratified by each of the countries in 2008.

With the basic points agreed, the next step was the drafting of a more elaborate text. Thanks to the energetic work of the legal services of the Commission, at the end of July,[6] just before the traditional European summer vacations, the EU was able to offer the final draft of the new Treaty,[7] to be discussed by the Inter Governmental Conference, in session during the first part of the fall.[8] The final conclusions of its deliberations would have to be presented to the European Council, scheduled for October 18-19.[9]

General scope

- The text was envisioned by some opinion makers and leaders as a "mini Treaty," but the result has 145 pages, printed in standard type. If not a "mini treaty," then insiders call it a "simplified treaty."
- Nonetheless, although it is much shorter that its predecessor (more than 500 pages) the complexity of the draft text is similar. However, the new document is full of legalistic stipulations. The new proposed text amends the Treaty of the European Union (TEU), better known as Maastricht (1992), and the foundational treaty of the European Community (1957), that will be converted into a "Treaty for the functioning of the EU."

Among the salient items of the old text that have been kept in the new proposal are the following:

- A principle that is not explicitly mentioned in the main body of the draft treaty, the primacy of EU Law, it is preserved by a footnote to remember that the EU process is based on frequent decisions of the EU Court to the effect.
- A double majority rule for Council decisions (55 percent of member states and 65 percent of the EU's population) is needed to support a proposed EU legislation to pass. However, due to fierce Polish opposition, the new voting system will only apply from 2014 on, with an optional extra transition period until 2017 when additional provisions, making it easier to block a decision, will apply.

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[6] Mark Beunderman, "Portugal kicks off formal EU treaty talks *EU Observer*, 23.07.2007 http://euobserver.com/9/24517/?rk=1

[7] Conclusions of the Council: http://www.consilium.europa.eu/ueDocs/cms_Data/docs/-pressData/en/ec/94932.pdf; http://www.consilium.europa.eu/cms3_fo/showPage.asp?id=131.

[8] Conclusions of the Council: See explanations by the EU Delegation in Washington: http://www.eurunion.org/newsweb/HotTopics/Treaty.htm

[9] Mark Beunderman, "EU unveils bulky new treaty draft", *EU Observer*, 23.07.2007 http://euobserver.com/9/24522/?rk=1

- This qualified majority voting will be extended to 40 more policy areas, among them asylum, immigration, police cooperation and judicial co-operation in criminal matters.
- There will be a permanent Council presidency, whose main purpose will be to end the confusing rotation semester of the presidency. Its main function will be to chair EU Summits and to represent the EU world-wide. Its term will be two-and-a-half years, renewable once (instead of the current six-month rotation). However, individual policy councils will be presided in the traditional way, with the exception of Foreign Affairs, which will be coordinated by the new High Representative.
- The treaty will keep the post of a 'double-hatted' High Representative of the EU for Foreign Affairs and Security Policy. This position will replace the current EU High Representative for Foreign Affairs, held by Javier Solana, and the position of External Relations Commissioner. The new high officer will become simultaneously Vice President of the Commission. Under the pressure of the United Kingdom, the feared label of EU 'Foreign Minister,' as envisioned in the Constitution, was dropped.
- With the adoption of the new Treaty, the number of Commissioners will be reduced from 27 to 15, but this drastic measure will not be in effect until 2014. Until then, each country will keep the right to nominate one commissioner.
- The new treaty will provide a single legal personality for the EU. That means, among other aspects, that the old system of awarding the Commission and/or the "Community" role will be terminated. The EU will then be a fully recognized international entity.
- The national parliaments will be granted the right to raise objections against draft EU legislation. Through a more demanding application of the subsidiarity principle, the national parliaments will be equipped with an "alert" mechanism and the option of opposing the draft legislation drafted by the Commission and presented by the Council by a simple majority. The Commission then will have to elect to withdraw the project, to maintain the proposal (with proper justification) or to amend it. Moreover, the existing process of co-decision, shared between the Council and the Parliament, will be extended to other areas such as justice and home affairs.
- As a novelty in the existing treaty arrangements, an "exit clause" was introduced in the new draft, making it possible for members to leave the EU. Ironically, this clause was designed to make the membership of the newcomers more comfortable. However, observers have been pointing out that the procedure could be easily applied to old members (such as the UK).

Among the items appearing in the constitutional project that were dropped were the following:

- The 'Constitution' label, a trademark of the failed project, was summarily discarded. The Reform Treaty will go back to the traditional method of Treaty change. This new legislation will amend both the EC and EU Treaties.
- In a rather pathetic move, the symbols of the EU (flag, anthem and motto) were denied explicit mention. This is ironic, because the symbols are regulated by separate legislation, which will not change. According to protocol and custom, the flag and anthem will continue to be used. Each one of the member states is free to use them according to internal rules. Some member states have announced new measures to make the use of the flag compulsory in government buildings. Some (Italy, for example) do it consistently. Some leaders (France, notoriously) place the EU flag along the national in press conferences and TV appearances.
- The insertion of the Charter of Fundamental Rights in the constitutional treaty will be replaced by a cross-reference with the same legal value. However, due to strong British opposition, the Charter will not be legally binding in the UK.
- An explicit reference to "free and undistorted competition" as the EU's goals was taken out of the main body of the text at France's request. President Nicolas Sarkozy argued that competition was not an end in itself. Nonetheless, the concept is included in an additional protocol. In any event, this issue will not challenge the general competition policy competence of the Commission.
- The new Treaty will also drop the constitutional proposal consisting of calling "laws" and "framework laws" what has been traditionally labeled in EU's terminology as "Regulations," "Directives," and "Decisions," This compromise is interpreted as a victory of the states that consider "laws" to belong only to the sovereignty of the states.

Among the new elements intended to be included are:

- a reference to new challenges, such as climate change and energy solidarity, especially encountering concerns by Lithuania and Poland about heavy energy dependence on Russia,
- new opt-in/out provisions to some new policy provisions, such as policies on border checks, asylum and immigration, judicial co-operation in civil matters, judicial cooperation in criminal matters and police co-operation.

Among the problems contemplated to become obstacles in the arduous task of ratification are:

- The German Presidency was criticized for holding "behind closed-door talks" with member states, leaving the public out of the debate. This aspect will be certainly used by Euro skeptics and populists during the ratification process.
- According to polls, 75% of the EU citizens who were questioned said that they were in favor of giving people a say in a referendum or citizen consultation. Most governments are planning to avoid this process, and elect the parliamentary route. Some will feel the heat of going directly to consult the public, with the threat of a repeat of the French and Dutch defeat.

A Dangerous Path

The leaders of the previous failed process expressed a negative reaction to the new text, with diverse degrees of irritation and sarcasm. Valery Giscard d'Estaing, who presided the Convention that drafted the Constitution, considered that the new changes are purely "cosmetic" and they were designed to avoid a Reform Treaty that looks identical to the Constitution.[10] According to former Italian Prime Minister Giuliano Amato, vice-president of the Convention, the new treaty was made "illegible" on purpose in order to avoid the need for a referendum.[11]

In any event, whatever the judgment of experts and protagonists, the new text will have to go through a double inspection. First it will be studied by the IGC,[12] dominated not only by the interests of the governments, but also scrutinized by a juridical dissection. Then it will be presented to a process of ratification in each one of the countries, which will mirror the Calvary experienced by the ratification of the Constitution.

Who won and who lost with these decisions? In one listens to the voices of the protagonists, all managed to get what they were seeking. All went back home with a trophy. Some (Polish and British) could boast that they resisted until the end and extracted concessions or delays in the application of the text. Others (specially Germany, in the case of a succesful process) will go down in history as authors of the rescue mission of the Community method, frozen for two years, in danger of permanent damage. Some (France, Spain) could feel satisfied for hav-

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[10] Mark Beunderman, "EU constitution architect deplores 'cosmetic' text changes", *EU Observer*, 17.07.2007 .http://euobserver.com/9/24498/?rk=1

[11] Lisbeth Kirk, "Treaty made unreadable to avoid referendums, says Amato," *EU OBSERVER*, 16.07.2007, http://euobserver.com/9/24481/?rk=1

[12] See its profile and functions: http://www.consilium.europa.eu/cms3_fo/showPage.asp?id=1296&lang=en

ing served as intermediaries for ingenious formulas. Most of them would rate the result as positive, in spite of the fact that the 18 members, that already had ratified the Constitution, would feel disappointed.

Nonetheless, numerous voices have pointed out that the path towards ratification is not going to be easy, because in addition to the forced referendum to be executed in Ireland, other countries may experience difficulties when needing a majority of votes in congress (two thirds in some, three fifths in others). According to calculations, 18 countries will not opt for a referendum, 8 are doubtful, and one (Ireland) is forced to it. Through parliamentary vote, 24 could be successful, while 3 are considered doubtful. Finally, opting for a referendum, two would pass it, 3 are doubtful, 2 probable, and one (the United Kingdom) would fail. Taking into account that the rules for the approval of the Reform Treaty are identical to the ones applied in the case of the Constitution, the uncertainty is similar, even if it is softened by the parliamentary option. It should be noted that in doubtful cases, the alternative is the even more method to sideline this difficulty by the domestic constitutional reform (Hagemann 2007).[13]

Finally, the double process (IGC approval and national ratification) might be converted the topic of the suitability of the Treaty, as an alternative to the Constitution, into an electoral weapon used by Euro-skeptic parties and interests that would take advantage of what might be the last collective opportunity of electoral scrutiny in the elections for the European Parliament of 2009. The perspective of converting this election, until very politically innocuous, into a plebiscite on the existence of the EU, terrorizes the leadership of the EU institutions and the governments that do not want to deal with this sensitive topic.

It should also be taken into account that the compromise represented by the Reform Treaty, in cases that it is successful and the ext be ratified, should be considered a blessing.[14] The alternative was the blunt resistance presented by the hard nucleus that claims their rights to be trampled. On the other side, the opposition presented a serious threat for the process of integration and consequently meant the effective death of the EU itself. Facing this panorama, the clearest option for the "federalists" was to provoke the exit of opponents, a "solution" that also faced serious problems for the EU.

Conclusion

What is doubtful is whether the reformed institutional framework will fit the new demands of an "ever expanding Union", without explaining in a comprehensive document what the nature of the resulting entity is. More practical observers insist that this labeling is not needed, because the reality is that the EU is a unique

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[13] Mark Beunderman "EU treaty ratification may be difficult, experts say" *EU Observer*, 27.07.2007.

[14] See commentary by Romano Prodi: "Reform Treaty 'best compromise we could get,'" *EU Observer*, 23 July 2007.

creature (Stephens 2007). This common sense notion is significantly in line with two other referential anchors.

One is the elaborate evolution of the theoretical framework analyzing the EU, balancing the supranational primacy and the intergovernmental reaction, finally pondering with rather hybrid solutions such as the multi-level governance and the fusion proposal (Mariscal 2003). The other is the geniality once pointed to by a key practitioner and crafter of one of the most decisive stages of the integration process, Jacques Delors. The EU, after all, he said, is a UPO (Unidentified Political Object) (Drake 2000). Perhaps that explains in part the resistance of the German presidency to define it in precise terms. And this also may explain in part why the Constitutional Treaty cover encountered so many difficulties, and was finally erased from the Reform Treaty.[15]

Finally, all this shows that things apparently were much simpler and clearer during the first five years of the history of the EU from the Schuman Declaration to the Treaty of Rome of March 25, 2007. The difference was that then there was an identifiable leadership and a mission to be accomplished – to stop the European wars. This task was to be implemented by a function. Once this was identified, the institution was created. Today, the absent leadership is not capable of defining the function. That is why the institutions that are needed to manage this mission do not seem to be able to be reshaped by either an elaborate constitutional treaty, or by a simple document.

To sum up, from a historical perspective, when the EDC failed by a stabbing inflicted by the French Assembly, the leadership then saw the danger of the disappearance of the ECSC. Then, it was decided to push forward for the relance leading to the foundation of the vertical atomic energy and the horizontal economic treaty. The impasse, that succeeded the success of the approval of the new structure presided over by the Common Market, caused by a combination of factors including the obstacles caused by the national leadership (De Gaulle, most especially, but not exclusively), inertia and economic depression, lasted three decades until another French leader, Jacques Delors, rescued the EC with the Single European Act (SEA). Only time will tell if today the EU is just barely beginning another long period of euroesclerosis.[16] Worse, fears are that the process may suffer a regression if enough potential allies listen to the modern siren songs that propose the transformation of the EU into an organization of European States.[17] But the challenge of today is similar to the one existing in 1955 and 1985. Nonetheless, the Reform Treaty offers considerable hope that the EU will once more be able to overcome the difficulties and periodic crises, on the path to "an ever closer union."

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[15] For a discussion of the nature of the EU, see Roy (2005a), pp. 77-111; Roy (2004), pp. 183-202; Roy (2005d); and Roy and Kanner (2006), pp. xli-lix.

[16] For a speculation on the future of the EU: Roy (2004a), pp. 217-232.

[17] For a review of the difficulties encountered by regional integration in Europe and America during 2006, see: Roy (2006b).

Power Preponderance, Institutional Homogeneity, and the Likelihood of Regional Integration

Gaspare M. Genna

Introduction

What explains the variation of regional integration worldwide? The literature on regional integration is as old as the first attempts to establish the European Union (EU), but the attempt to develop generalized theories with systematic testing is relatively new. As the number of regional projects increases, and with the added complexity of overlapping memberships, we are faced with task of explaining and predicting these new movements of cross border cooperation. The project outlined in this chapter attempts to continue the current trend of theory development and empirical analysis. After reviewing the range of theories, a central argument will be developed that will synthesize power transition and institutional theories of regional integration. Specifically, the likelihood of institutionalized regional integration increases under a power preponderance structural condition and high levels of trade which promote homogenization of domestic institutions. Increasing homogenization, in turn, promotes trade and integration.

   A common definition of regional integration states that it is a shifting of certain national activities toward a new center (Haas 1958). Integration therefore is a form of collective action among countries in order to obtain specific goals. These goals can be as grand as political unification (in the case of the EU) or a free trade area, as found in the North American Free Trade Association (NAFTA). Lindberg refines the definition by proposing that it is an "evolution over time of a collective decision making system among nations. If the collective arena becomes the focus of certain kinds of decision making activity, national actors will in that measure be constrained from independent action" (1970: 46). In economic terms it is "a series of voluntary decisions by previously sovereign states to remove barriers to the mutual exchange of goods, services, capital, or persons" (Smith 1993: 4). Also in the vein of economics, integration can also simply mean the degree of market merger among states. This refers to the amount of goods, services, capital, and labor flows among states. While this captures an essence of what is occurring, it misses the institutional aspect of integration which is central to its definition. The degree of market merger occurs because the

states have negotiated an established practice of market flows and their regulation.

For the purposes of this paper, the definition of integration will follow closely the definitions purposed by Hass and Lindberg. Regional integration[1] is the establishment of regular collective decision making among states for the intention of establishing and regulating market flows. The degree of integration refers to the degree of collective decision making. At one end is an intergovernmental arrangement in which states make common decisions but are autonomous in regulating those decisions. If a regional authority does exist, it services at the pleasure of the individual states. On the opposite end is the supranational arrangement, in which regional institutions do exist and make decisions alongside intergovernmental arrangements or supersede the member-states' authority.

The rest of the paper examines the literature on regional integration with the aim of reviewing, critiquing, and synthesizing prior theories. The synthesis is the establishment of a general theory of regionalism. The subsequent sections will examine the method to test the key hypotheses using systematic measures of the variables and future direction of this proposed research.

The Literature on Regional Integration

Although the literature on regional integration has an extensive epistemology, general theories of regionalism are still at the early stages of development. In addition, most of the research is Eurocentric. Theories of regional integration can be roughly grouped into three perspectives: (1) neofunctionalism and institutionalism; (2) international power and security theories; and (3) domestic politics and intergovernmentalism.

In the first group, neofunctionalism posits that regional integration arises due to increasing technological, economic, and other complexities and problems that states can no longer effectively solve unilaterally (Haas 1958; Mitrany 1975). According to this perspective, governments are likely to enter into cooperative arrangements in order to cope with various functional needs, such as the improvement of economic welfare for their citizens. Once the political elite establish a cooperative arrangement, the theory predicts that integration would become self-perpetuating through a "spillover" process (Haas 1958). Through this mechanism, success in one functional area increases demands for cooperative arrangements in other functional areas due to two reasons. First, demand would increase because successful integration in one area would gain supporters in other areas. Second, further integration in another area or areas would allow integration in the original area to fully succeed. While neofunctionalism was influential in the 1950s and 1960s, it has been criticized as

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[1] The terms regionalism and regional integration will be used interchangeably in this paper.

being a *post hoc* theory having difficulties in generating testable hypotheses because many of the variables in question are not easily operationalized. Neofunctionalism also cannot predict *a priori* the issue-areas in which regional cooperation or integration occurs. In addition, functional needs do not necessarily predetermine the direction of change that states may choose to pursue (see Pentland 1973).

Institutionalism, which emerged in the 1980s, inherited the thinking of the neofunctionalist school. Put simply, institutionalists argue that international institutions promote cooperation by helping states overcome collective action problems. By lengthening the shadow of the future and by increasing transparency and enforcement of cooperation, international institutions facilitate issue-linkages and strategies of reciprocity and make international commitments more credible (Axelrod and Keohane 1986; Martin 1992; Simmons 2000). Keohane (1984), for example, claims that it is possible to create and sustain, even after the decline of a hegemonic power, international regimes in order to cope with market failures, reduce transaction costs, and respond to other problems that are difficult to be managed at the national level. With respect to European integration, institutionalists have studied the impact of the European Union institutions on the decision-making process, such as the agenda-setting power of the European Parliament (Tsebelis 1994; Garrett and Tsebelis 1996). Garrett and Weingast (1993) argue that institutions are not simply the facilitators of efficiency gains in the process of regional integration; they also provide focal points—precedents and symbols around which actors' behaviors converge—that help determine particular choices made at critical decision points.

Institutionalism has stimulated important research on international cooperation and integration. However, applying this research to understand non-European regional integration has been limited. This dearth of research may be due to the weak supranational institutional developments outside Europe. Moreover, the degree of institutionalization itself is a variable that needs explication, but institutionalism, except for resorting to the functionalist argument of efficiency gains, has a difficulty explaining the emergence of supranational regional institutions. Furthermore, researchers have criticized institutionalism for its focus on absolute gains, neglecting the possibility of absolute losses (Oatley and Nabors 1998) and relative gains (Grieco 1988).

Another take on the institutional argument focuses on state level institutions and how variation in domestic institutions influences the degree of regionalism. Feng and Genna (2003) reexamine the concept of institutions. Instead of looking at the rules and pattern of organized governance, they examined the established set of preferences in key areas of liberalization: (1) money and inflation, (2) government operations and regulations, (3) takings and discriminatory taxation, and (4) international exchange. They find that the homogeneity of institutions among member-states not only facilitates integration, but that integration promotes greater homogeneity among members. This mutually reinforcing

mechanism not only explains the level of integration in Latin America, Southeast Asia, and Europe, but also explains the varying pace of integration in each case.

Power theories stress the distribution of power among states as a central factor influencing international outcomes. Among power theories, neorealism argues that the asymmetric gains from exchange tend to hinder international cooperation (Waltz 1979; Grieco 1988). However, many neorealists do not completely rule out such possibilities. For example, Gowa and Mansfield (1993), Gowa (1994), and Mansfield and Bronson (1997) argue that commercial liberalization is more likely among states that are political and military allies than among states that are actual or potential adversaries. They propose a defensive realist approach in which commercial liberalization strengthens mutual security among allies: states prefer to have strong allies and trade can aid in strengthening allies' economies and thereby improving military capabilities. Grieco (1997) advanced a "relative disparity shift" hypothesis where a trend of shifting relative disparity in the capabilities of states within a region is likely to lead disadvantaged states to oppose the development of formal regional institutions while relative stability of capabilities tends to foster the establishment and deepening of such regional arrangements. Grieco's study comparing relative capability change and the development of regional integration in Western Europe, East Asia, and the Americas largely supports his hypothesis.

Hegemonic stability theory likewise emphasizes the importance of power for international political and economic outcomes. The early version of hegemonic stability theory concerned the rise and maintenance of the liberal international economic order (Krasner 1976; Gilpin 1987). Proponents of hegemonic stability theory argued that the presence of a hegemonic state (that is capable of and committed to promoting economic liberalism) was a necessary condition to sustain liberal international commerce. The erosion of hegemony, by contrast, tends to give rise to protectionism. In line with this argument, Gilpin (2001) recently advanced a thesis that the existence of one or more powerful states committed to integration is the key to the successful evolution of regional economic institutions.

Like other power-centered theories, power transition theory focuses on the relative power of countries in the international system. However, power transition scholars differ from neorealists in important areas. First, power transition scholars do not assume an anarchic international system but assume a hierarchic order presided over by the preponderant power (Organski 1958; Organski and Kugler 1977, 1980; Tammen et al. 2000; see Lemke 1996, 2001 for application to local hierarchies). The preponderant power establishes a set of status quo arrangements with the help of willing allies either at the global or regional level, or both, depending on the size of the preponderant power; the larger the power of the state, the greater its capabilities and therefore the longer its territorial reach. A status quo arrangement is the set of conditions under which all states operate. One important example is the demarcation of territorial

boundaries and border permeability. There theory stresses the satisfaction with the status quo relationship between dyads of countries and the dynamics of a power transition that occurs when a subordinate power approaches and exceeds the capabilities of the preponderant power. As applied to international conflict, power transition theory posits that conflict is likely to occur when the subordinate and preponderant powers are at near parity and are dissatisfied with the status quo relationship. In contrast, a peaceful transition occurs if both powers share compatible preferences and are therefore jointly satisfied with the status quo relationship. Efird and Genna (2002) extend the theory and argue that the development of regional integration after a power transition between two satisfied powers improves because the formerly less powerful country has a vital interest in not only maintaining but also furthering and institutionalizing the arrangements that it believes to have contributed to its rise.[2] Efird and Genna's statistical test provides strong support for their hypothesis. Genna and Hiroi (2004; 2005; *forthcoming*) modified the theory by focusing in on the impact of trade dependence in one time period on the degree of integration at a subsequent time period. Explanatory power improved in the cases of Latin American integration by examining the satisfaction of trade dependence instead satisfaction with the status quo in general.

The final group of regional economic integration research stresses the importance of domestic politics and intergovernmental bargaining. By "taking preferences seriously" (Moravcsik 1997), this literature emphasizes the distributional consequences of economic policies for domestic societal groups and the desire of political leaders to hold onto power. At its core, scholars working with this approach contend that governments' economic policies are strongly influenced by distributional conflict among societal groups; that groups that expect to lose from integration will oppose it and those that anticipate to benefit from it will support it; and that economic policies often reflect the preferences of the more powerful and better organized interest groups in society (Frieden 1991, 1998; Milner 1988, 1997; Rogowski 1989; Moravcsik 1997).

Interest group politics, however, is not the whole story. Politicians have their preferences and interests. This literature assumes that a politician's desire to retain office is the crucial guiding principle of policy making. Moreover, domestic political institutions are argued to shape the patterns of interactions between domestic groups and whose interests will be represented in governments' policies (Putnam 1988; Garrett and Lange 1995).

Similarly, intergovernmentalism posits that economic interests are the driving forces of regional integration. Moravcsik (1998) argues that commercial interests of leading domestic producers, macroeconomic preferences of ruling governmental coalitions, bargaining among powerful national governments over the distributive and institutional issues account for the developments of European

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[2] See also Efird, Genna, and Kugler (2003).

integration. Haggard (1997) generally agrees with Moravcsik's thesis. Haggard (1997) contents that the more powerful states largely shaped the bargaining agendas of economic integration in Asia and the Western Hemisphere. However, the interests of weaker states also affect—although to a lesser degree—the regional economic agreements. What is crucial for economic integration to proceed, in Haggard's view, is the convergence of preferences among parties to regional agreements that facilitate the bargaining and construction of regional economic blocs. He claims that the differences between the developments of East Asian and Latin American regional integration are due to the differences in the convergence or divergence of preferences of member countries about the direction and extent of economic integration.

A General Theory of Regionalism

The literature in total provides several important variables in developing a general theory of regionalism. First, the distribution of capabilities in regional systems matter. The empirical evidence shows that asymmetric distribution of power is a more favorable condition for this interdependence to develop. This is due to the ability of the preponderant power to coordinate efforts and distribute incentives to other members. Second, states do have a favorable interest to become economically interdependent. The central assumptions of neorealism lead us to believe that states prefer low to no levels of interdependence because their level of security diminishes. However, defensive realists agree that interdependence will occur among allies due to their need for mutual security. Hegemonic stability and power transition theories also agree that states do seek these benefits. Third, preferences are highly important. Being satisfied with prevailing conditions influences states to protect the status quo. By institutionalizing the status quo, states improve the certainty of a favorable future. Fourth, the link between regional level and domestic level politics helps explain the production of preferences. Preferences develop as a result of an aggregation of domestic desires. These desires spawn from competing groups that interact in the domestic arena, with the preferences of the more power groups being more likely to be expressed. Fifth, the homogeneity of institutional preferences lowers the costs of cooperation because states follow similar polices. States that wish to free ride on other states' policies are not likely to be present thereby improving the certainty that distribution of benefits will be based on negotiated market interactions and not harmful unilateral state action. Sixth, the relationship between homogeneity and integration is reinforcing. As already stated, homogeneity of institutions increases the likelihood of regionalism. But the effect of increased regionalism also increases the likelihood of further homogeneity. Finally, a synthesis of the prior findings suggests that another feedback mechanism is present. As integration and homogeneity increases, then the level of satisfaction is likely to improve. This assumes that regionalism

produces the benefits hypothesized by liberal economic theory (Krugman and Obstfeld 2002).

Figure one maps out the causal pathways of regionalism given the reviewed research. The structural conditions for regionalism include the presence of a regional preponderant power and a satisfaction with trade dependence among potential or existing member-states (the *status quo*). The two variables interact since together they are a necessary and sufficient condition for integration. This set of conditions promotes greater institutional homogeneity. The preponderant power can lead in promoting similarities among institutionalized policies such as inflation targets, government regulations, taxation, and international exchange. Satisfaction among the relatively smaller powers gives the preferences of the preponderant power credence. The increased homogeneity increases the likelihood of creating or deepening integration. With homogeneity uncertainty and costs of integration are lowered, leading states to cooperate. Integration furthers the likelihood that homogeneity among the member-states will increase and thereby leading to further integration. As the reinforcement of homogeneity and integration continues this will feedback to the level of satisfaction with interdependence. If integration is successful in providing aggregate benefits, then satisfaction with interdependence will improve. This in turn interacts with the asymmetric power conditions and thereby further strengthens the homogeneity-integration cycle. The likelihood that pathways will breakdown or slowdown increases during the relatively brief period of power transition. Since integration will spawn high levels of *status quo* satisfaction, integration will promote peaceful power transitions.

Figure one
Causal Pathways of Regionalism
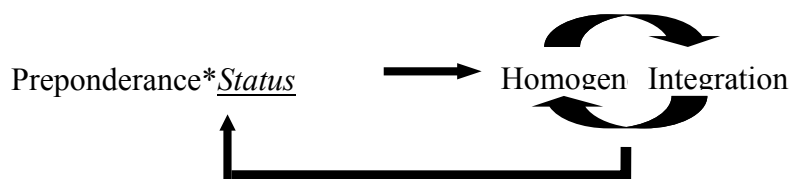
The entire pathway cannot be tested as a whole. Instead it can be deconstructed into various linear pathways:

(Preponderance*Status Quo Satisfaction) → Homogeneity → Integration

(Preponderance*Status Quo Satisfaction) → Integration → Homogeneity

Homogeneity → Integration → *Status Quo* Satisfaction

Integration → Homogeneity → *Status Quo* Satisfaction

These pathways can be tested using the following equations:

(1) *Integration$_{t+2}$= α_1 + β_1Institution$_{t+1}$+ γ_1Power Preponderance$_t$ + γ_2 SQ Satisfaction$_t$ + γ_3(Power Preponderance*SQ Satisfaction)$_t$+ ε_{t+b}*

(2) *Institution$_{t+3}$= α_2 + β_2Integration$_{t+2}$+ γ_1Power Preponderance$_t$ + γ_2 SQ Satisfaction$_t$ + γ_3(Power Preponderance*SQ Satisfaction)$_t$ + ε_{t+c}*

(3) *SQ Satisfaction$_{t+4}$= α_3 + β_3Integration$_{t+2}$+ γ_3Institution$_{t+1}$ + ε_{t+d}*

(4) *SQ Satisfaction$_{t+4}$= α_4 + β_4Integration$_{t+2}$+ γ_4Institution$_{t+3}$ + ε_{t+d}*

Hypothesis Testing

I test the hypotheses using the generalized least squares method. Since each of the dependent variables at time *t* will have a large correlation with the variables at time *t* + *n*, AR(1) autocorrelation is assumed to apply to each panel. Therefore the estimated coefficient of the AR(1) process is specific to each panel and not the entire data set. The unit of analysis is the non-directed regional dyad from 1960-2000.[3] Regional dyads are countries that share a common border or separated by no more than 300 miles of water. Non-directed dyads best fit the present research because no theoretical assumption is made that country A would initiate integration with country B (or vise versa). It is assumed that regardless of identity of the initiator, regional integration is a negotiated process whose success is theoretically specified. Therefore including directed dyads will only produce redundancy in the data. I generated the list of dyads and some of the variables using EUGene software (Bennett and Stam 2000). The remainder of this section describes the variables used in the analysis.

The operationalization of regionalism must include a systematic coding so that the analysis can distinguish varying levels while still comparing similar attributes. This is done by using a multidimensional measurement referred to as the integration achievement score (IAS), which was first developed by Hufbauer and Schott (1994) and latter refined and applied in Efird and Genna 2002; Efird, Genna, and Kugler 2003; Feng and Genna 2003; and Genna and Hiroi 2004. The calculation of the IAS in Hufbauer and Schott's work involves a smaller number of regional integration organizations for a single year, 1994. The updated score

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[3] Some dyads do not include all years due to a country's independence after 1960 and missing data.

adds greater precision to their method, includes a greater number of regional integration projects, and involves an expanded timeframe. It gauges the level of regional integration by looking at six categories commonly attributable to regionalism: (1) trade in goods and services, (2) degree of capital mobility, (3) degree of labor mobility, (4) level of supranational institution importance, (5) degree of monetary policy coordination, and (6) degree of fiscal policy coordination. The coding system also breaks down the six categories into five levels along a Guttman scale (see appendix table one). The final measure is an average of the six categories allowing for an equal weight for each. The data used to estimate the IAS comes primarily from the *Europa World Year Book* and cross-referenced with other specialized sources. Of the various macro-geographic regions, the level of integration in Africa is the lowest. Levels of Asian and North and South American integration are higher than those in Africa, with the highest levels found in Europe. Currently, the score is being updated to include all cases of regional integration registered with the World Trade Organization from inception to 2003. The final data will be used in the subsequent versions of this paper.

Power preponderance is relatively simple to operationalize. The formula is the natural log of the absolute difference (plus one) of the dyad:

$$\textit{Power Preponderance} = \ln\left(|GDP_i - GDP_j| + 1\right)$$

The GDP data come from the *World Development Indicators* (2005) and are in constant US dollars.[4] I operationalize satisfaction with the *status quo* through the use of mutual trade interests (MTI). MTI is the ratio of the total value of exports among the country dyads to total dyadic output:

$$MTI = \frac{\sum Exports}{\sum GDP}$$

Exports are used instead of total trade (imports plus exports) to prevent double counting. Also, it is less likely for states to misrepresent their export values relative to import values. A ratio of total output is needed so as to determine the level of trade dependence among the member-states. The trade values come from Gleditsch 2002 (a revision of the International Monetary Fund direction of trade statistics) and are in millions of US dollars. Since the ratios are small, each MTI value is multiplied by one million to improve interpretation of the results. MTI outperforms other traditional measures of *status quo* satisfaction

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[4] GDPs of Soviet block countries are missing. Efforts are currently underway to find estimations of these data so as to remove possible bias.

(similar alliance portfolios or UN voting records) when examining regional integration (Genna and Hiroi 2004).

Institutional homogeneity is determined by using the democracy scores of the Polity IV data set (Marshall and Jaggers 2005). Each country's democracy score is an index of four authority dimensions: competitiveness of executive recruitment, openness of executive recruitment, executive constraints, and competitiveness of political participation (Gleditich and Ward 1997). I measure the degree of homogeneity by taking the absolute different of each country's democracy score and dividing by ten. This produces values between zero and one, *with lower values indicating higher levels of homogeneity*.

Preliminary Findings

Table one displays the estimations of equations one through four. Overall, the results are as expected with the partial exception of estimations three and four; estimations one and two are completely within expectations. The first model demonstrates that power preponderance and mutual trade interest at time *t* and institutional homogeneity at time *t+1* are good predictors of the level of regional integration at *t+2*. The greater the power asymmetry and the higher the mutual trade interest, the higher the level of regional integration. Figure two, parts a and b, displays the conditional effects of the interaction term. The black line segment represents the portion of the conditionality that remains significant at the p≤.10 level, while the dashed line segment represents the portion that is not significant. Figure two-a depicts the conditional coefficients of power preponderance at varying levels of MTI. As the level of MTI increases, the preponderance coefficients become increasingly positive. Figure two-b indicates a similar relationship. As the level of power asymmetry increases, the coefficient of MTI increases. For example, when the value of preponderance is 1 or near parity, the coefficient of MTI is -14.07. This means that a one-point increase in the MTI value decreases the level of integration in terms of IAS by about 14. However, when preponderance is 29, then the MTI coefficient is 5.73 (i.e., a one-point increase of MTI increases the IAS by about 6). Between approximately 19 and 21 on the values of preponderance, the MTI coefficients are not significant, meaning that the trade in this range does not significantly influence the level of integration. Institutional homogeneity's negative coefficient indicates that the more homogeneous the political institutions are at *t+1*, the higher the level of integration. The second model indicates that higher levels of power asymmetry and mutual trade interests, the more homogeneous the institutions among the regional dyads. Recall that lower levels of the homogeneity measure translates to higher levels of homogeneity. Figure three a and b displays the graphical interpretation of the preponderance-MTI interaction term. Figure three-a shows that as MTI increases, the preponderance coefficient becomes increasingly negative. The exception of this relationship is at the lower end of MTI's values.

Figure three-b also demonstrates a similar relationship, except for preponderance levels between 23 and 27. The higher the level of integration at a one year lag also produces higher levels of homogeneity. The two models together indicate that preponderance and mutual trade interests precede homogeneity and integration. The estimations also indicate that homogeneity and integration are mutually reinforcing.

The second set of estimations (three and four) in table one only partially confirms expectations. The level of integration at *t+2* is associated with the level of mutual trade interests at *t+4* and leads to the conclusion that higher levels of institutionalized integration produces greater mutual trade interests. However greater institutional homogeneity does not seem to influence the levels of MTI. Given the reinforcing nature of institutional integration and homogeneity, perhaps only one of these variables can account for the variation in mutual trade interests.

Conclusions: Next Steps in the Research Project

The work thus far has introduced a general theory of regionalism and some preliminary results. The results show some promise in supporting the theory but greater testing rigor is needed. We do see a pathway of conditions that estimates the level of integration around the world. Power asymmetry and *status quo* satisfaction in terms of MTI are the precursors to greater institutional homogeneity and institutionalized integration. Integration and homogeneity are also reinforcing factors. Integration does improve *status quo* satisfaction. An overall system develops that improves integration. The limiting factor, so far, is the level of power asymmetry. When power among the dyads is more evenly distributed, the system brakes down and integration is limited.

The following are the next steps in this project. All involve improving the testing rigor. First, the data on integration needs to be expanded. While the current data is a representative cross-section of integration on each of the continents (except Antarctica), it is not complete. There are a number of integration projects (mainly in Africa and Asia) that need to be included. This will require coding of these projects and merging the data into the current data set. Second, an array of institutional homogeneity needs to be tabulated. While the current measure taps into the degree of political institutional homogeneity, economic institutions should also be included (Feng and Genna 2003; Souva 2004). This will include various indicators such as money and inflation, government operations and regulations, takings and discriminatory taxation, and international exchange. Other economic institutional variables can include such things as property rights. Political institutions can also be expanded to include electoral rules and influence of pressure groups such as trade unions and the military. Third, the unit of analysis can also include the cases of integration, alongside the current regional dyads. This will require reformulation of the

independent variables. The parallel testing of dyads and regional groups may be helpful in unveiling potential biases of power asymmetries. Currently the dyadic method allows for a pair-wise analysis of all regional members, but may under- or over-report the influence of the larger country vis-à-vis all other members. Fourth, the method of estimation needs improvement. The GLS method is appropriate for the first cut, but a method of simultaneous equation analysis is needed either through a three stage method or perhaps the Markov Chain method. Finally, a set of control variables may be necessary in order to compare future results with possible alternatives to the theory.

Table One
Generalized Least Squares Autocorrelation Corrected Regressions

	(1)	(2)	(3)	(4)
Dependent Variables	IAS (t+2)	Institutional Homogeneity (t+1)	Mutual Trade Interest (t+4)	Mutual Trade Interest (t+4)
Power Preponderance (t)	0.011*** (0.0027)	0.009*** (0.002)		
Mutual Trade Interest (t)	-14.78*** (3.20)	8.28*** (3.11)		
Power Preponderance · Mutual Trade Interest (t)	0.71*** (0.14)	-0.341*** (0.137)		
Institutional Homogeneity (t+1)	-0.018* (0.010)		-.00001 (.0003)	
Institutional Homogeneity (t+3)				-0.0004 (.0003)
IAS (t+2)		-0.054*** (0.007)	0.002*** (0.0003)	0.003*** (0.0003)
Constant	-0.068 (0.061)	0.042 (0.049)	.005*** (.0003)	0.004*** (0.0003)
Observations	10435	10435	10117	10117
Number of dyad	432	432	436	436
χ^2	115.87***	80.92***	79.40***	83.28***

Standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

Figure Two
Graphical depiction of conditional coefficients
for the GLS regression model one

(a) Conditional coefficients of power preponderance at varying levels of MTI
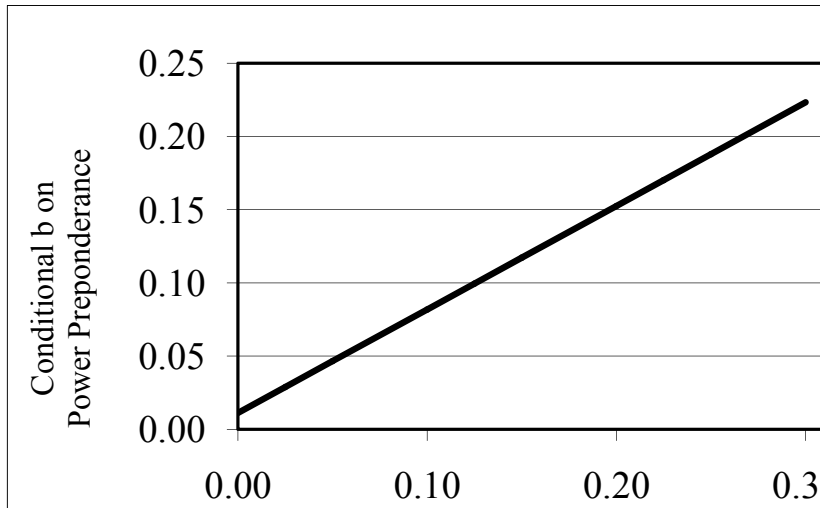
(b) Conditional coefficients of MTI at varying levels of preponderance
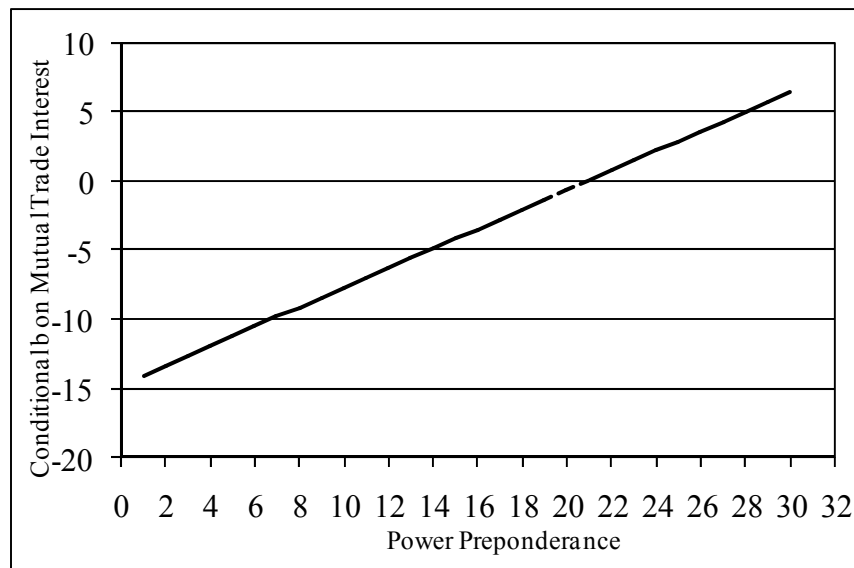
Figure Three
Graphical depiction of conditional coefficients
for the GLS regression model two

(a) Conditional coefficients of power preponderance at varying levels of MTI

(b) Conditional coefficients of MTI at varying levels of preponderance

Appendix
Table A-one: Integration Achievement Score (coding system)

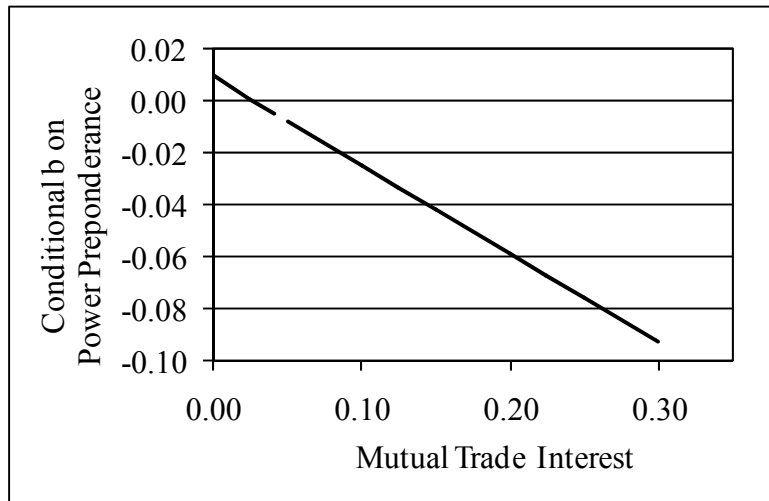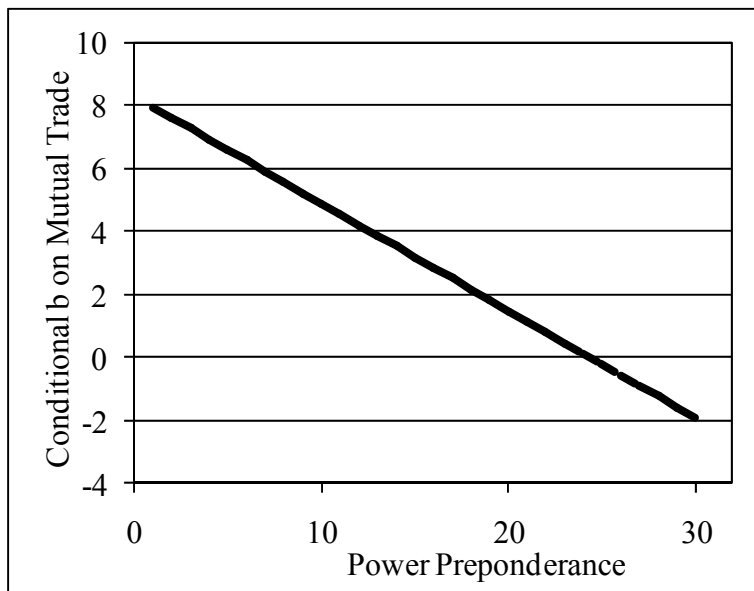| |
|---|
| 1. Trade in Goods and Services |
| 0 = No agreements made to lower tariffs and non-tariff barriers |
| 1 = Preferential Trade Agreement |
| 2 = Partial Free Trade Area |
| 3 = Full Free Trade Area |
| 4 = Customs Union |
| 5 = No barriers among member countries |
| 2. Degree of Capital Mobility |
| 0 = No agreements made to promote capital mobility |
| 1 = Foreign Direct Investment allowed in limited form |
| 2 = Capital withdrawal allowed |
| 3 = Full access for foreign investment and capital withdrawal, except for national government procurement |
| 4 = Full capital mobility expect for large scale merges and acquisitions |
| 5 = Full capital mobility without restriction |
| 3. Degree of Labor Mobility |
| 0 = No agreements made to promote labor mobility |
| 1 = Right of movement granted for select professions |
| 2 = Full right of movement |
| 3 = Transferability of professional qualifications granted |
| 4 = Transferability of pensions and other retirement devices |
| 5 = Full freedom of movement |
| 4. Level of Supranational Institution Importance |
| 0 = No supranational institutions |
| 1 = Establishment of nominal institutions |
| 2 = Information gathering and advisory role |
| 3 = Ability for institutions to amend proposals |
| 4 = Ability for institutions to veto proposals |
| 5 = Supranational institutions operate as primary decision node |
| 5. Degree of Monetary Policy Coordination |
| 0 = No monetary policy coordination |
| 1 = Consultation regarding policy |
| 2 = Commitment to maintain parity |
| 3 = Coordinated interventions |
| 4 = Regional Central Bank establishment |
| 5 = Single currency |
| 6. Degree of Fiscal Policy Coordination |
| 0 = No fiscal policy coordination |
| 1 = Consultation regarding policy |
| 2 = Commitments regarding deficit spending and taxation |
| 3 = Sanctions regarding breaking commitments |
| 4 = Uniform tax code |
| 5 = Single budget |

Cultural Identity, Security and Regional Integration

Markus Thiel

Introduction

An observer of current European politics may almost automatically assume that the regional integration process in Europe, led successfully by the European Union (EU) and reinforced by other organizations, has resulted in the weakening of national identities and the pacifying of potential identity-related conflicts in the area. A closer look, however, reveals that the Central and Eastern European Countries (CEECs) in particular are still being caught in various security dilemmas ranging from the traditional military-related spheres to more subtle yet similarly destructive societal security issues with the potential to produce ethnic conflicts, even civil wars. The explanatory theoretical framework behind 'societal security' is fairly new and thus, often underestimated in the relative pacified European and Eurasian regions; yet, it presents a particular challenge to the multiethnic and fragile democracies there. In this chapter, I compare the major international organizations present in the field (EU, NATO, OSCE, Council of Europe) and examine if there exists, at a minimum, a normative concern for minority rights and the promotion of societal security and secondly, what kind of institutional mechanisms and responses these organizations developed to attain these goals.

Setting the agenda: collective identities and societal security

Identity as a focus of international politics has become increasingly important with the harmonizing pressures of a globalized world and the expansion of international civil and human rights recognizing the right for self-expression. While identities exist on an individual as well as collective level, only the latter is of significance here since it leads to the virtuous cycles of emancipation and possibly, vicious ones of self-determination, often labeled 'identity politics'. In its simplest definition, the main referent in this paper along with the state, a national group, can be understood as a result of an identity securing social system. As such, a nation represents a prime example of a collective identity.

    To further clarify the often undifferentiated terminology about nations, Bloom proposes a national identification theory which states that "in order to achieve psychological security, every individual possesses an inherent drive to

internalize – to identify with – the behavior, mores and attitudes of significant figures in her/his social environment […] i.e. people actively seek to enhance and protect identity" (Bloom 1990: 16). This has, he argues, significant implications for national identity and its security, which both develop along the same lines of protection and benefits for its members.

The ontological backdrop for questions relating to collective identities and/or societal security is found in the constructivist or culturalist schools (Roe, 2005: 47; Kolodziej 2005), both of which recognize the strength of collective belief systems but differ on the extent of changeability of these self-ascribed percep-tions in that the latter sees ethnic security dilemmas between groups as most problematic whereas the former recognizes the malleability of the conflict-gene-rating perceptions between groups. This distinction is important because it constraints to what extent societal security conflicts can be modified, reduced or securitized – which is where organizations such as the OSCE possess a compara-tive advantage and vantage point as their approach most closely mirrors the mechanisms by which societal security can be attained. Social Constructivism thus points to the fluidity and socially constructed nature of security, which re-sults in the Wendt's modified axiom that 'security is what states or nations make of it'.

Another contributing strand of thought comes from the field of critical secu-rity studies (Booth 2005), which focuses on the subjectivity of the term 'security' and its changing character from a potentially threatening 'securitization' to a pa-cifying 'desecuritization', depending upon the context in which it is sought. The Copenhagen School neatly fits into this theoretical school, emphasizing not only the changing nature of security but also calling for renewed attention to com-munities and the role identity plays for the attainment of security. While I do certainly adhere to the main tenets of the Copenhagen School, I disassociate my-self from some of the deconstructive claims made about the importance of traditional, i.e. military security because of the inherent interplay between the various aspects of security.

Returning to the referent question, according to sociologist Melucci, collec-tive identity can be defined as "an interactive and shared definition produced by several interacting individuals who are concerned with the orientations of their actions as well as the field of opportunities and constraints in which their actions takes place" (1996: 75). This quite political definition raises questions about equal rights for all members of a multiethnic state's society in which competing collectives claim their rights, especially the right to exist autonomously and the right to be recognized as such. The former point needs to be taken seriously be-cause collectivities tend to have a so-called 'in-group bias', which puts their own group above others and is otherwise referred to as the 'us versus them' or 'self-other' differentiation (Neumann 1998). It also emphasizes the co-constitutive character of both, individual and collective identity. Recognizing the fundamen-tal difference between nations and states, the above terminology calls attention to

the potential frictions between multiple national minorities or between a national minority and a majority state government.

Collective Identities are varyingly classified and extend beyond the classic national – European dichotomy. Ichijo and Spohn, for example, sketch five basic constitutive dimensions of collective identities in Europe, which are: Ethnic-territorial, religious-cultural, socio-economic, political-legal and lastly, political-military functions (2005). All of these identitive aspects ought to be intact to ideally promote and maintain the societal security of a collective group.

The existence of national minorities raises two essential questions: to what degree of self-governance do these communities aspire to and, of particular significance for this analysis, how then can multiple nations coexist in previously defined territorial states? These aspects of collective identities produce a need for the protection of ethnic minorities within states, particularly in states that are as multi-ethnically constituted as the Central- and Eastern European ones. There has always been a theoretical distinction between the more civic oriented nationalisms that developed in Western Europe (e.g. France), as opposed to the ethnic-cultural nationalisms which became predominant in Central and Eastern Europe (e.g. Germany, Hungary) and have continued to create friction for the past century after the end of integrating empires such as the Austro-Hungarian or the Ottoman ones.

Societal security as one of the expanded notions of security refers to the security of collective groups in relations to other communities or the institutions of the state in which they reside. Security is not so much about security *between* states but between societies, often within states (Buzan 1993). As such, it consists not only of an expansion of security, but it is also a move away from the state-centric view to other reference points such as ethnic minority groups, eventually proposing a duality of state *and* societal security. Threats to societal security then constitute perceptions and/or actions that inhibit the expression of a national groups' identity, be it through their culture, language, religion or any other form of self-expression (Roe 2005). Formed out of the insecurities over ethnic and national identities that come in conflict with other resident (majority) groups or the state government in which they are located, these issues have become more significant in relation to those over state sovereignty in contemporary Europe, with the break-up and ensuing civil war in the former Yugoslavia as the prime example of societal insecurity. With ever more states calling for autonomy and even declaring independence, questions of citizenship add to the multifaceted problems in group-to-group relations.

Societal security concerns mainly the relations of minorities and groups within a society or nation, and as such can be distinguished from other forms of security, such as human security, in that the latter refers to general living conditions of individuals and collectives while societal security emphasizes the relations between these groups. Societal issues are by nature collective, thereby referring to the rights associated with freedom of expression and association, use

of language and native education, religious expression and participation in the state's policy-making process.

The Copenhagen School, which first publicized the expanded notions of security, added to the traditional military aspects others such as political, economic and environmental ones – all of which can affect societies in their security (Buzan, Waever and De Wilde 1998). They view societal security not only as a matter of the security of the affected minority group, but of the state government as well. But if, as Waever claims, the main goal for each affected party is to de-securitize, i.e. to preventatively avoid the triggering of tensions between minorities and the state (Roe 2004), it remains unclear how such measures could be implemented by minorities that don't have the power or resources to do so. It is this power differential that leads me to believe that state governments have to assume primary responsibility for the (de)securitization of minority rights. However, it might not always in the interests of both to securitize the bilateral relationship because it might actually lead to power shifts from one side to the other, or to foreign attention to this issue.

In addition, Buzan, Waever and de Wilde provide a three-pronged classification of societal security threats, consisting of migration, horizontal and vertical competition, the former referring to demographic changes caused by (im)migration and the latter two specifying competitive pressures from dominant groups or from integration processes respectively (Buzan, Waever and De Wilde 1998). While we find a distinction in the literature pertaining to minorities between the traditional national groups and the so-called 'new' minorities arising as (im)migration populations, this paper is largely concerned with the previous ones, since the latter group is usually not sufficiently recognized as a single entity.

With regards to the overall security situation in CEECs, the diminishing of traditional politico- military conflict in most of these countries almost automatically led to the (re)emergence of societal security issues. Many of these countries are, at a basic level, pacified and integrated in a complex security-democracy web through organizations such as NATO, the EU and the OSCE. In addition, some NGO's, such as, for example, the Project on Ethnic Relations, work closely on conflict prevention with the IGO's in the region. However, the economic and particularly, social conditions in most of these countries are still problematic and not sufficiently securitized. It ought to be clear that such an environment, while not anarchic, still causes enough insecurity to perceive other identity groups or the majority in government as a threat to societal peace and integrity. In sum, identity politics and the link between identity and (societal) security has moved to the forefront of European security theories: "one of the central themes of contemporary discourse on European security is the importance of identity" (Hyde-Price and Aggestam 2000).

The promotion of minority rights as keystone for societal security

Minority rights have come to be regarded as a fundamental component of the international human rights regime; hence they are important for the international relations of Europe and cannot solely be considered a state's internal prerogative anymore (OSCE 1991). How can then be national minorities reconciled with the majorities and/or the governments of the state they live in? Even more so, can one reasonably expect that these collective groups uphold and promote their collective identities in a manner compatible with the state's objectives? The preceding questions touch upon the core of societal security matters and goes beyond the basic rights of freedom of expression, association and the freedom from discrimination.

Historically, nations and states – particularly in Central and Eastern Europe - have rarely coincided; rather, nations had to continuously fight for their own territory (such as in the Polish case), they were subject to a redrawing of the boundaries and a forced move (which affected many ethnic Germans in the region), or they were left within another, potentially hostile state after the reconfiguration of states (as occurred to many ethnic Hungarians that found themselves in Slovakia and Romania). At the same time, there were a few positive examples of territorial partition as in the Czech & Slovak cases; however, in this case two nations of roughly equal size were present. The promotion of minority rights is particularly important where there has been a long-standing historical conflict in existence leading to 'ancient hatreds', such as in the case between the Serbs, Croats and Bosnians (Hearn 2006).

Recent historical developments such as the dissolution of the USSR and the ensuing breakup of the Balkan region continues to motivate national minorities and exert pressure on the governing state (or the partisan neighbor) in which these are located, with varying effects on domestic political stability and the final outcome. Divergent examples of this ongoing phenomenon include Montenegro's peaceful secession and Kosovo's long-standing but contentious attempt to do so. In general, though, territorial integrity is still regarded as a fundament of international law, which makes the resolving of minority conflicts and affirmation of societal security in pre-existing states even more important.

The state as one of the main referent points for the maintenance of societal security is in most cases agent as well as referent of (de-)securitization. Societies might attempt to act against threats by either taking certain measures themselves or by somehow moving the threat onto the state's agenda (Roe 2004: 281). If the state fails to provide security (which would constitute a case of 'negative' challenge to societal security) or actively discriminates against a minority group (representing a 'positive' societal security threat), for example in the case of the Albanian 'minority' in Kosovo, the collective group might take action to defend themselves against 'outside' threats. In that respect, 'security' is much more than just the absence of war; rather, it is the provision of stability and protection by

the state. For the sake of definitional clarity, 'the state' should be specified here as the acting elites governing the state institutions and 'national minorities' as mainly ethnic minorities who aim at a certain degree of cultural self-expression, territorial autonomy and political participation (in contrast to religious or no-madic minorities).[1]

However, not every case is as dramatic: the threat can often materialize in rather subtle terms, e.g. by not recognizing linguistic or educational demands for the cultural autonomy of minorities, or by simply ignoring any calls for partici-pation and representation at the governmental level as occurred in the case of the Hungarian minorities in Slovakia or Romania. Since security and subjectivity are closely linked, minorities tend to be more cautious and assertive about the pro-tection of (their) civil rights and easily perceive themselves as in need of special protection – a demand that poses additional demands on governments. As pre-viously mentioned, at times societal insecurity can arise from another national group within a weak state, which intimidates or negates another national group's demands for autonomy or cultural expression. But then again, the constitution of a state government is crucial as a functional state should be able to constrain or mitigate such issues. Causes of such conflicts also do not always need to consti-tute a direct threat posed at the society itself; often, conflicts are about the territory that national minorities inhabit and so intrinsically are part of their col-lective identity.

Here, the question how to judge the competing claims about securing collec-tive identities becomes significant. In minority-majority or related conflicts, who or how started the conflict, and what can be done to alleviate societal insecurity and ethnic strife? (Bilgin 2003: 213). This is where some of the organizations analyzed below, particularly the EU and the OSCE, come into play by utilizing a neutral expert, the High Commissioner on National Minorities and applying so-called 'Confidence-Building Measures' to enhance the prospects for a peaceful co-existence of national minorities and majorities in any given state.

One of the major ironies of the work of many security-related organizations is that when their activities are successful, they don't receive much public atten-tion. Only where a conflict escalates, the media and the international community take notice. In a similar paradoxical manner, the inability of a state to guarantee total security to its citizens is theorized as the success of the projected need of governments for the attainment of such a security: "the inability of the state project of security to succeed is the guarantor of the state's continued success as an impelling identity" (Campbell 1998: 12). In this respect it is essential to be

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[1] For a good overview of the array of questions relating to conditions for societal security, ranging from media perceptions to housing access, see: Mudde, Cas (ed). *Racist Extremism in Central and Eastern Europe*. Routledge: New York, 2005, Appendix 2.

aware that the power of a state government can be a provider of societal security to one's minority and a threat to another.

Another important aspect that needs to be taken into account is the regionalization of ethnic minority groups in Central and Eastern European Countries. It seems unclear, however, in how far the regionalism of these populations can be positively viewed as an alternative form of creating a societal security for themselves without creating a conflict within a given state, or if it rather precipitates the secession by gaining transnational strength & obtaining partisan external support (Buzan and Waever 2005: 356). If latter should apply, as the aspirations of the Hungarian or Albanian minorities show, it actually exacerbates regional security by drawing in several states.

The role of the European Union (EU) in the promotion of societal security

The EU as Europe's most significant conglomerate of democracies has always had a regard for minority rights and the promotion of human and societal security more generally, but it reemphasized these objectives in the Copenhagen Declaration, which eventually became known as the prerequisites for Union membership (EU Council 1993). Its 'soft' security agenda, focusing in addition to the traditional politico-military aspects on newer and more comprehensive ones such as energy security, environmental security and non-military, diplomatic interventions in crisis regions, in addition to its broad enlargement objective of 'desecuritization by integration', certainly distinguishes the Union from all other organizations in Europe.

In my view, one of the Union's most intriguing yet underrated strategies regarding the promotion of societal security lies in the gradual deemphasizing of national governance structures and the coinciding strengthening of (Euro-)regions, thereby reducing the conflict potential between national minorities and state governments. In addition, the EU's comprehensive integration process covering economic, political and social issues and the monitoring through the Commission engulf EU member states in a complex network of interrelated states bound to the liberal-democratic legally expressed human and minority rights norms that have emerged as one of the most progressive ones in existence. A so-called 'minority clause' was also inserted in the draft Constitution for Europe.[2] It is argued that if the Balkans would have received EU-accession prospects earlier, we might not have witnessed the civil wars in the successor states of Yugoslavia due to the EU's moderating integration effects (Serfaty 2003: 240).

Yet not all states in Europe are member states of the Union, thus some are exempt from the above mentioned membership obligations, with the EU concentrating mainly on the upholding of minority rights in the accession

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[2] Upon recommendation of the OSCE HCNM, Article I-2.

countries through annual assessments. This could mean that, in fact, any preclusion of membership of these states will likely have a negative impact on the maintenance of human and minority rights, which is why concepts such as the EU's 'absorption capacity' have become a highly sensitive matter of debate. Both of the above factors make the EU the most significant 'soft' security provider among its member states, but also spell out the Union's biggest disadvantage over institutions such as the OSCE: it includes only countries that are in the European (geographic) or membership realm. The prospect of membership is frequently used as an incentive for the upholding of minority rights - as in mutual Greek-Albanian relations- , but has been a slowing constraint on potential accession countries such as Turkey and its treatment of the Kurdish minority there.

Another issue that needs to be regarded concerns the scrutiny with which the EU has influenced and monitored minority rights in new member states, e.g. in Slovakia (and Romania, Croatia etc). In this multinational state, more than 500,000 ethnic Hungarians live in the south and southeast, accounting for about 10 percent of Slovakia's population. The demands of the vocal Hungarian minority for municipial electoral representation and linguistic emancipation has only improved with legislation passed in accordance with the EU's accession progress reports and the OSCE's HCNM pushing for a more balanced administrative reform process before the 2004 accession– though without specifically mention the discrimination still existing there (Biro and Kovacs 2001: 289). But societal security in this EU member state remains to this day fragile and tensions between the Hungarian minority and the Slovak majority are continuously present as evidenced when the governing party coalition of Social Democrats and Slovak National Party warned of independence for Serbia's disputed province of Kosovo because it could spark secession of Slovakia's ethnic Hungarians.

The EU actively seeks the expertise of the OSCE in many minority rights cases, and has delegated the judgment on a state's minority policies to the HCNM (Ilcheva 2006). This makes sense as far as both organizations have a similar constructive-engagement approach and all EU members states being OSCE ones as well, but it results in limited oversight for the organization to independently monitor accession candidates in Central and Eastern Europe. On the other hand, the EU contributes financially and seconds personnel to election observation missions of the OSCE (EU Commission 2007). In yet another example of the cooperation between both organizations and the implicit EU approach of securitization through integration, the "overwhelming majority" of EU states backs Kazakhstan's bid to chair the OSCE in 2009, although a decision on this has been put on hold because the U.S. and some EU states are concerned on human rights grounds. Many in the Union believe Kazakhstan's bid would promote reforms in the country. The EU and the OSCE seem to prefer, particular in its dealings with the more remote Central Asian states, an 'engagement first,

reform later' approach that likely overlooks and potentially contradicts the societal security needs of oppressed minorities in these states.

Overall, the EU seems to apply in both, its proclamations as well as policies, general normative standards that do prohibit discrimination against minorities in member states, though the organization does not spell out specific objectives for the maintenance or even promotion of minority rights. Rather, most of the Union's policies regarding societal security issues are subsumed under human rights and issues of national minorities are not explicitly mentioned there – or only under reference to the OSCE's activities. As such, the EU certainly possesses the most comprehensive 'soft' security agenda relating to human rights and societal security, but it is limited in that its influence is largely based upon the membership incentive and its reliance on the OSCE.

Other regional security providers – NATO, the OSCE and the Council of Europe

Comparisons between the various security-related institutions in Europe are usually focused on the traditional military-aspects (Meyers 2005: 199-138). Although I concentrate in this paper on the OSCE as an instrument for the attainment of societal security, the consideration of other actors in the region provides an overview of the task-splitting – and the missed opportunities – these IGO's have in common.

One of the similarities that these organizations below share is the discrepancy between states and the intergovernmental organizations that arise out of the multilevel governance system, particularly the reporting requirements for ethnic conflicts. So, for example, do (inter-)national estimates of minority populations in the countries as well as their actual number often diverge, either because they are downplayed by governments or not adequately counted in the process. In a related matter, there is a great discrepancy between national and intergovernmental minority rights laws and the reality faced by minorities (Meijknecht 2004). This fact alone represents a substantive problem in the societal relations within states as it contributes to the assumption that societal threats are not necessarily only perceived by national minorities but can be substantiated by the detrimental conditions they find themselves in.

In the following section, I will survey the other main actors in the field, their involvement regarding societal security and compare their effectiveness in maintaining and promoting it.

The Organization for Security and Cooperation in Europe (OSCE)

In the OSCE, societal security issues are mostly dealt within the so-called 'human' dimension, which is why I concentrate solely on this particular area of OSCE action. In the larger context of security studies, the objective of the OSCE

lies in the creation of a pan-European security community, i.e. a group of people or states sharing a minimum level of common understandings about the peaceful coexistence and settlement of disputes. With 56 member states, the organization is certainly the largest of all IGO's in the region, extending from the Atlantic to Central Asia.

The promotion and stabilization of societal security can be assessed under the OSCE's activities surrounding 'the human dimension'. In contrast to the politico-military and the economic-environmental activities, these refer specifically to the inclusion and integration of citizens and in a broader context, human right issues (OSCE 2007). The OSCE focuses on aspects related to human and societal security, most prominent among these are electoral monitoring processes, followed by the assistance to national minorities and the supervision of rule of law, freedom of media etc. Because of the consensual nature of conflict prevention in the participating member states, military options remain very limited and thus, conflict-prevention measures and democracy promotion are primary goals of the organization.

The basis of the OSCE's operations is formed by various declarations pertaining to minority rights, ranging from the founding Helsinki Final Act in 1975 to the more advanced normative prescriptions found in the Copenhagen Document of 1990 (CSCE 1990). The centrality of preserving a state's authority and at the same time, reconciling the expectations of a collective identity group is the single most important post-cold War development occupying the organization. To this end, the main OSCE strategies in pursuing the goals of conflict prevention and the improvement of human and societal security are coordinated by two central institutions within the organization: the Office for Democratic Institutions and Human Rights (ODIHR) and the High Commissioner on National Minorities. Both institutions were added long after the coming into existence of the CSCE/OSCE, in 1990 and 1992, respectively, representing an improved organizational adaptation to the post cold-war environment in Europe.

As the name ODIHR expresses, its main functions are the establishment of democratic institutions and as a more recent focus, the upholding of Human Rights. In the past, ODIHR assistance aimed at strengthening the organizational capacity of political minority groups, training of these groups in relations to the government or the media, and the fostering of participation in public life as well as legislative reform to enable civil rights for all citizens of the member states irrespective of ethnic belonging (George and McGee 2006). It is there that policy recommendations aimed at the state governments and monitoring of societal issues within member states become relevant.

The ODIHR's two-fold approach of establishing democratic governance institutions observing the law while at the same time recognizing the need for the protection of minorities makes sense because in many cases, law enforcement- or legal institutions are contributing to the discrimination of the above mentioned

populations. While these groups remain an important focus of the OSCE's institutions, in this paper they will be subordinate to the national minorities that continue to have significant issues with the majorities and/or governments in their states. The Roma population of the various OSCE member states in CEECs continues to be such an ethnic minority group which is regularly discriminated against, even by state's police-forces (USCSE 2002:63).

In the 1990s, the main procedure in the human dimension area was a step-by-step approach in which the participating states could bring forth a matter or complaint which then would be resolved by holding bilateral meetings and/or establishing an expert mission in the region to gain local expertise and promote dialogue and cooperation. These missions would submit then a report to the OSCE, which in turn would decide on further actions. As of 2006, there are 17 active missions or offices working predominantly in CEECs. This standard mechanism exists in addition to the annual implementation review conferences, which posteriori exerted supervisory functions over the most pressing issues in the member states (Preece 1998).

Conflict prevention via OSCE field operations and the High Commissioner on National Minorities (HCNM) will remain an important OSCE task in the future. The current HCNM, Rolf Ekeus, a Swedish diplomat, was elected at the 8th OSCE Ministerial Council meeting in 2000. The High Commissioner exemplifies the work related to societal security in the CEECs. As such, the HCNM develops and oversees the monitoring of policy strategies in the member states relating to minority protection, such as, for example, guidelines for the participation of national minorities in elections or freedom from discrimination. Similarly important for minority rights are educational rights and the use of language and media, as they are part of the OSCE's strategy to implement Confidence-Building Measures (CBM) which increase trust in the governmental authorities and channel the activities of national minorities. In addition, he is authorized to attend crises regions at his will and directly communicate with the affected populations, in order to find a suitable solution or relay a warning back to the OSCE Council, often with the recommendation to set up an OSCE mission or office. These generally work complementarily in that the office provides the needed country expertise and the HCNM the political clout to convince minority and governmental elites to cooperate on societal security issues.

The nature of the work of the HCNM, his confidentiality and freedom in using the appropriate steps of action, makes an analysis of his work more difficult, particularly since he, as representative of an intergovernmental institution, has to be aware of his neutral stance vis-à-vis governments and national minorities. At least on paper, there is an evolution in the adding of tasks throughout the annual OSCE summits recognizable, e.g. through the recently advocated establishment of a code-of-conduct for law enforcement agencies with regards to ethnic profiling and the emphasis on multi-ethnic broadcasting opportunities under the aegis of the HCNM (OSCE 2005:54). However, the very

same report spells out theoretical declaration after declaration about the various rights that national minorities are entitled to, with no reference as to how these commitments can be achieved or even measured.

In an illustration of this disconnect, the Moldovan experience of the OSCE over the separatist Eastern region of Transdniestria causes ongoing tensions. In 1992, the unilateral secession of Transdniestria caused violent conflicts between both nations, and the establishment of an OSCE mission in 1993 in Chisinau (and subsequently in Tiraspol, the capital of the self-proclaimed Transdniestrian Republic) resulted in little more than keeping the status quo of a delicate ceasefire. While Moldova is part of the European Neighborhood Policy framework of the EU, there is currently no realistic membership perspective. This would certainly be the optimal outcome, however, the Transdniestrian conflict may well stand in-between the EU's expectations for improvement and the Moldovan government's insistence on the territorial integrity of its country with Russia supporting the breakaway region, thereby precluding any kind of final settlement.

In sum, the OSCE is certainly the organization with the best functional expertise in societal security issues, albeit with limited means to enforce it or pressure for actions that would support its stance. In relation to the other two aspects of the OSCE's work, the human rights dimension certainly seems to have become more significant in the post-cold war period, as the quote by the Russian Foreign Minister Lavrov at the 2006 OSCE Council meeting shows: "Against the background of the situation in the first and second baskets, the lack of balance in the work of the OSCE is showing clearly. Its absolute 'center of gravity' has been shifted towards the humanitarian and human rights sphere" (Lavrov 2006: 3).

NATO (North Atlantic Treaty Organization)

As the most important traditional security provider in Europe, NATO does not directly deal with the promotion of societal security issues. Its strength lies in its military capability and, under U.S. leadership, efficacy and application of force to achieve regional security. The NATO actions against the nationalist government of Serbia in the 1995 and then again, in 1998/99 during the Kosovo crisis, come to mind as prime examples of its securitizing potential.

The organization still acknowledges the precariousness of minority conflicts but sees the cooperation with and support of more relevant IGO's such as the EU, the OSCE or the COE to be the most effective way of approaching such matters. Generally, NATO is the organization 'of last resort', when all previous efforts by the other players have failed. This implies that NATO is a delimiting factor in the development of peace-enforcing activities for all other IGO's in the field, be it the EU or the OSCE. There have been plenty of suggestions in the past by U.S.

leaders confirming the required primacy of NATO in the area of European (military) security.

The organization's focus on military enforcement makes it also less useful for the solution of political and societal tensions that might not necessarily be violent or militarily expressed. In that regard, NATO lacks basic treaty provisions as well as functional agencies to maintain and promote societal security. Its security focus remains largely on interstate relationships and hard security solutions, and even the case of Bosnia was, while analytically stemming from a societal security crisis, reacted upon through a military mission that emphasized traditional military security aspects.

NATO is frequently invoked as a security provider for the CEECs, but in the initial period after the end of communist rule, these states turned to the OSCE and the EU, particularly since many of them they were already OSCE members during the Cold War. Because of its organizational structure, NATO is also branded as an U.S.-led collective security alliance that is still considered with significant scepticism and distrust by Russia, a major regional intervening power in Eastern Europe. Here, the OSCE seems to possess a comparative advantage due to the universal participation of all states in the region, including Russia (Hopman 2003). At the same time, Russia's participation in the OSCE has led to some unresolved conflicts that reflect the East-West disparity in the organization such as the Moldova-Transdniestria conflict. NATO, while an important regional military security provider, does neither contain normative prescriptions for societal concerns in its declarations and publications, nor specific strategies for their attainment and/or promotion.

The Council of Europe (CoE)

The CoE, the oldest pan-European civil rights organization founded in 1946, has only limited impact on the satisfactory securitization of minority issues in Central- and Eastern Europe. During the Cold War, the CoE issued largely cautious statements, referring to the anti-discrimination clause spelled out by the European Court of Human Rights and so exemplified the negligent attitude of many IGO's during the Cold War (Preece 1998). After 1991, its member states became signatories of the European Convention on Human Rights and Fundamental Freedoms, the organization's major human rights treaty besides the Framework Convention for the Protection of National Minorities, which spells out wide-ranging minority rights but fails to define what a 'national minority' constitutes (Council of Europe 2005). With 27 of its 46 members now also part of the more influential EU, the Council has lost much of its clout and struggles to redefine its role.

The Council's main tasks are the promotion of democracy and human rights, particularly as they relate to cultural expression such as language and native education in Russia and other former Soviet republics, where the EU has only a

limited impact. In fact, the CoE cooperates closely with the Union in areas where there is some overlap, e.g. in the development of the Stability Pact for the Balkan countries.

As far as strategies and institutional accountability are concerned, in comparison to the OSCE, the Council is less institutionalized and offers solely framework recommendations for the upholding of minority rights which are left open to the participating states to implement. In addition, the CoE has the individual states reporting on their performance on the organization's Convention for the Protection of National Minorities, which will then be relayed to the Secretary General of the CoE. Once a country is admitted and adopted the Framework Conventions, it is left unsupervised by the organization, i.e. without regular monitoring reports (Preece 1998: 154). An independent monitoring body supervising the implementation of these regulations is also not in place exempt provisions for a 'follow-up' with the member states, thus making the CoE rather ineffective in the societal securitization of these countries.

Conclusion and Synopsis

The opinions about the effectiveness of the IGO's examined above vary significantly. While some may emphasize the actual performance and evaluate the organizations upon their factual record and achievements, others might point out that the existence and cooperation of the EU, the OSCE and the CoE already signifies an important step in the encouragement and attainment of societal security in Europe. I acknowledge the latter but believe that these organizations need to not only be measured by their normative concern for societal security, but also by their institutional strategic responses. Should we then take the absence of more violent conflict – if one takes into account the many national minorities in CEECs - as evidence of the performance of these organizations?

In a larger theoretical IR context, NATO's approach of securing minorities through traditional military intervention signifies a classic neo-realist approach. The EU, in its emphasis on linking economic and political integration with the reinforcement of democratic institutions and procedures falls into the liberal category, while the OSCE and CoE primarily act according to a constructivist outlook by creating norms and standards for the desecuritization of minority conflicts in the member states. This is where the OSCE can be most effective, as its preventive engagement with minorities and state governments works according to constructivist notions of redefining societal threats and desecuritizing potential threats, and the EU as the most powerful supplier of membership incentives and behavioral norms on a wide range of issues can be considered the most comprehensive 'soft' security provider.

Societal security in Europe can best be achieved when these interlocking institutions cooperate closely and thereby create a transnational system of checks and balances. To mention a negative example, it is evident that some state

leaders, particularly if not bound to EU or CoE obligations, simply pay lip service to the human and minority rights provisions stated in the OSCE while maintaining a ultranationalist or autocratic regime, e.g. in Serbia, Russia and many Central Asian member states.

One possible option for all the organizations is to lower the admittedly high standards for membership, as has been shown in the Slovakian EU membership, and therefore conform to the reality of ethnic and cultural discrimination in the face of the often slow improvements in intersocietal relations (Meijknecht 2004: 185), thus integrating member states in the hope of 'socializing' them over time into the adequate standards instead of pretending that these governments fulfill their expectations. While this option could be beneficial and certainly a more realistic adjustment to the realities of societal securitization, it also goes against the norm-building standards that IGO's and international law aim to promote. It is hardly justifiable that societal security can be achieved or even maintained with the adoption or pursuit of lower minority rights standards.

A comprehensive overview of these organizations needs to include the constraints set by historical developments as well as by external powers. As much as the EU, the CoE and the OSCE work towards developing common norms of toleration, democratic governance and civil rights, religious-historical grievances, as in the Serbian-Croat-Bosnian case or intrinsic pressures for secession, as in the Kosovo case, overpower the institutional influence these organizations have. In addition, regional powers, i.e. countries such as Russia, often externally intervene in already conflict-laden areas to tip the balance in the minority-majority relationship, as happened in the Transdniestrian case where Russia continuously manipulated the Moldovan government and thereby made any resolution impossibly (Socor 2003). While NATO and the EU have practically no influence over Russia's actions, the latter continues to be the 900-pound gorilla in the OSCEs negotiation chamber in Vienna.

What conclusions can be drawn from this analysis of IGOs in the field of societal security? Would it be preferable to reform and strengthen the OSCE as the functional organization with the most expertise and strategies in the field, or would an enhancement of effectiveness consist in an improved coordination between the major agencies, each one sticking to their traditional pursuit of 'soft' and 'hard' security issues? It appears that there exists already a well-working cooperation between most of the organizations in the field, particularly between the CoE, the EU and the OSCE. The CoE and the EU and their member states contribute financially and with personnel to the OSCE, the OSCE delivers the much-needed expertise through the HCNM and political reach through its extensive membership. Regional integration, if broadly understood as the development of common policies by various actors, i.e. the IGOs in the region, serves the cause of societal security promotion the best. However, a narrow concept of regional integration, with each organization focusing on its own limited objectives, strategies and achievements, will be much less effective.

Finally, it is important to note that the short time frame since the end of the Cold War resulted in a big challenge for these organizations to internally adapt to the new world order, whereas national minorities found it easier to mobilize since they saw this as 'their' moment to push for autonomy and in few cases, secession. Over the course of this analysis it has become evident that there is still much to be improved in the effectiveness of these organizations, but simultaneously the potential for societal security might best be maximized by the concurring achievements of democratization and the upholding of the rule of law by the various organizations in the region.

II. Africa-Asia-Mediterranean

The African Union: Finally in the Path of the EU?

Olufemi Babarinde

Introduction

On July 9 2002, 53 Heads of State from across the African continent gathered at a memorable session of the defunct Organization of African Unity (OAU) in Durban, the Republic of South Africa (RSA) to bid farewell to the organization and to welcome the new African Union (AU). Amidst the attendant fanfare and pageantry, African leaders, one after another, not only took stock of the OAU's accomplishments, but also heralded the new Union as the dawn of a new era for the continent and its peoples. The host President and the AU's first president, Thabo Mbeki, even promised that the Union would liberate the African people from their misery, abject poverty and perennial underdevelopment. Other delegates in Durban also hoped that the new pan-African construct would intensify intra-African economic activities, resolve socio-political crises, foster continental unity, and improve the region's visibility and profile on the global stage.

While the optimism among African leaders and delegates about the AU at the inaugural meeting was conspicuous and contagious, it took the Secretary-General of the United Nations (U.N.), Kofi Annan, to caution the gathering 'not to mistake hope for achievement.' It was an apt and timely reminder of Africa's poor record on following through on intra-continental agreements/treaties, where it seems they are more content with launching new initiatives than delivering on results. After all, had the OAU lived up to its 1963 billings, it probably would not have been replaced with a new pan-African edifice in 2002. By most accounts, the OAU simply failed to deliver on many fronts, save a few areas, such as overseeing the end of white minority rule in southern Africa and the liberation of all African countries from colonial subjugation, and containing some border disputes.[1] For the most part, however, the OAU's record of achievements was terse at best. The characterizations of the OAU's accomplishments during its almost 40-year history by commentators have ranged from mild criticisms, such as "did not bring nations of the continent together," to scathing assessments, such as "did not achieve anything" (El-Ayouty and Zartman). Poignantly, the OAU could

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[1] Examples include disputes between Burkina Faso and Mali, and Cameroon and Nigeria over Bakassi, and also Algeria and Morocco over Sahrawi Arab Democratic Republic (SADR), and Ethiopia and Somalia over Ogaden.

not prevent many of Africa's civil wars, among them, in Angola, Congo-Kinshasa, Liberia, Mozambique, Nigeria, Rwanda, and Sudan in which millions of innocent lives perished, under the guise of the OAU's infamous and loathed principle of "non-interference." Also in the name of "non-interference, the OAU stood idly by during the reigns of terror of the Idi Amin regime (Uganda), Jean-Bedel Bokassa (Central African Republic), and Sanni Abacha (Nigeria). In a similar vein, the defunct pan-African organization could not resolve the row over Western Sahara to the satisfaction of its protagonists, viz., Algeria, Morocco, and Mauritania (Zoubir, and El-Ayouty and Zartman). In fact, Morocco withdrew from the OAU in 1986, and has the dubious distinction of being the lone sovereign African country to remain outside of the AU over the dispute— for admitting Western Sahara, first to the OAU, and then to the AU.

There is no doubt that the inception of the AU constituted an important epoch in the unfolding history of post-colonial Africa. However, in view of the foregoing grim assessment, how is the AU different, or plans to be different, and is it likely to deliver where its precursor, the OAU, had not? To begin with, the AU, at least in its institutional set up, strikes a remarkable resemblance to that of the European Union (EU). Moreover, many observers have, correctly or otherwise, compared the AU to the EU. Is this a fair comparison? The purpose of this paper, therefore, is to analyze the AU and its Constitutive Act, and to discuss the limits of the comparison between the AU and its European counterpart. This paper will argue that whereas the architects of the AU undoubtedly relied on the EU template, the two entities are not only spatially apart, but temporally (fifty years) apart. Hence, while it can be useful to employ tools and lessons from the experience of the EU to critically examine the AU, as we will do here, there are, nonetheless, limits to the comparison of the AU and the EU. The AU will have to chart its own course, travel at its own pace, find its own rhythm, and write its own history.

The remainder of the paper is divided into five parts. The ensuing section two provides the context of the discourse by establishing the justification for regional integration as a panacea for Africa's unenviable deplorable economic and political condition. The section that follows then provides an overview of the African continent's experiences with regional integration initiatives. Afterward, the discourse shifts in section four to an examination of the main provisions of the AU's Constitutive Act, particularly the new Union's institutions and aspirations. Relying on relevant theories of integration, section five is devoted to an analysis of the AU's challenges and opportunities, as well as performance to date. The last section concludes with some remarks.

The Context: Impulses for Change

The advent of the AU had been in the making arguably since 1977, when African leaders acknowledged that aspects of the OAU Charter had become outdated and

needed to be reformed, and unmistakably since September 9 1999 at the organization's fourth extraordinary session in Sirte, Libya, where African Heads of State agreed to create an African Union. At the OAU's 36th ordinary session in Lomé, Togo on July 11 2000, African leaders adopted the Constitutive Act of the AU. Soon afterwards, at its fifth extraordinary summit in March 1-2, 2001, again in Sirte, Libya, African leaders unanimously declared the formation of the AU. They further agreed that the Act would become effective one month after its ratification by two-thirds of its member states, that is, 36 countries. Whereas they expected the process to last longer than a year, on April 26 2001, Nigeria became the 36th member state to ratify the Constitutive Act, thus enabling the new pan-African agreement to enter into force on May 26, 2001. Shortly thereafter, at the 37th summit of the OAU on July 9 2001, African Heads of State agreed to a one-year transition plan for the transformation of the OAU to the AU. At the same meeting, President Mbeki of South Africa was elected the AU's first president for one year, and the newly elected Secretary-General of the OAU, Amara Essy, was assigned the important task of overseeing the transition process.

The OAU, which was founded on May 25 1963, had become a relic of itself and the post-colonial era, because by the end of the 20th century, virtually every African country, whose cause for self-rule it championed had gained independence. Indeed, the accession of the RSA to the OAU in 1994 meant that an important mission of the OAU— ending colonial subjugation of the African people— had been accomplished. It was, therefore, no longer necessary for the OAU Charter to include "self-rule" as a moral imperative. Another imperative of the august organization was to coordinate and intensify the cooperation and efforts of member states to achieve a better life for the peoples of Africa. Yet, the evidence, after almost four decades of existence, was that the African condition was more dreadful than at the inception of the OAU. At the dawn of the 21st century, for example, the gross national product (GNP) for sub-Saharan Africa (SSA) was roughly $437 billion and $700 billion for Africa in current terms.[2] In other words, in 2004, the estimated 800 million population of Africa generated only 6% of the national output produced by the 294 million people of the United States, or less than the much smaller populations of say, Canada ($905 billion), Mexico ($705 billion), and Spain ($919 billion). Put differently, Africa's share in world total output declined from an already abysmally low of 3% (1975) to 2% (2005), while its share of global exports declined from almost 6% (1975) to a dismal 1.7% (2005), and its share of Foreign Direct Investment (FDI) dropped from almost 10% (1975) to a paltry 2% (2005). Even intra-African trade in 2005

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[2] For the statistics reported and in this essay, see *World Development Indicators 2006* (Washington, D.C.: The World Bank, 2006); *Direction of Trade Statistics Yearbook 2006* (Washington, D.C.: IMF); *World Investment Report*, (UNCTAD, 2006); *Direction of Trade Statistics Yearbook 2006* (Washington, D.C.: IMF); *World Development Indicators 2006* (Washington, D.C.: The World Bank, 2006).

remained at a dreadful 10% of the continent's total trade volume (imports at 11.3% and exports at 8.7%).

It is, therefore, not surprising that roughly 63% of the countries in the World Bank's group of low-income countries were Africans. As well, all the welfare indices—Human Poverty Index, Human Development Index, and Physical Quality of Life Index—are generally low for the African people. For example, according to the UN's 2005 Human Poverty Index for Least-Developed countries, 31 of the 39 ranked countries were African. Similarly, in the 2006 Human Development Report, 29 of the 31 lowest ranked countries were from SSA. In short, the African continent was not as integrated as it should, and it continued to exist on the fringe of the global economy. For instance, many African countries are still better connected to the outside world than to countries on the continent. Put differently, it is easier for most Africans to travel to countries outside of the continent than to countries on the continent.

Additionally, the ostensibly perpetual conflagrations of the continent, as well as the worsening economic and social climate for its people are sad reminders of the inadequacies of the OAU and its organs. Not only have conflicts within African states become nastier and bloodier, but they have also sometimes spilled across national frontiers, thereby quickly turning what are initially civil wars into inter-state conflicts. Worse, the carnage and chaos that such conflicts have left in their wake have exposed the gross ineptitude of the OAU in achieving one of its primary aims—enhancing the unity and solidarity of African States. In an age of instantaneous dissemination of (bad) news, these flashpoints across the African continent embarrassingly illuminate the inadequacy of the OAU, having to wait for external assistance/intervention to resolve the continent's myriad, mostly intra-state, skirmishes.[3] The emerging consensus was thus that the OAU was obsolete and incapable of tackling the problems of the new millennium. As indicated above, the OAU had not successfully facilitated the development of the African people or integrated its economies. To that end, Africa needed a new pact to re-invigorate its stagnant and underperforming economy.

The Road to Togo

Africa's flirtation with the concept of an African Union in the form of a pan-African economic and political integration as an emotive and viable response to the African malaise is not recent. It has long existed as a conceptual theoretical construct, as well as in reality. Certainly, regional integration schemes are not a post-colonial phenomenon in Africa at both the continental and sub-continental

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[3] The dispute over Western Sahara illustrates this point, because during the tenure of Kofi Annan as the chief scribe of the UN, he appointed former Secretary of State James Baker to help broker an agreement between the protagonists of the disputed territory.

levels.[4] To be sure, Africa's flirtation with regional integration can be traced to the pre-independence period, and as far back as the turn of the 20th century. The Southern African Customs Union (SACU), which was established in 1910, remains the oldest functioning manifestation of regional integration in the world. Other sub-continental regional integration endeavors across Africa since the independence decade of the 1960s have included the short-lived 1959 *Union Douanière de l'Afrique de l'Ouest* and the 1981 Sene-Gambia confederation, as well as the stillborn 1965 Maghreb Permanent Consultative Committee. Among the most notable more contemporary examples is the dormant Arab Maghreb Union (AMU) in 1989. The on again-off-again three-member East African Community (EAC), which was initially founded in 1967 and disbanded in 1977, was revived in 1994. The Economic Community of Central African States (ECCAS) that links 11 countries was set up in 1983, while a Common Market for Eastern and Southern Africa (COMESA) that encompasses 19 African countries was founded in 1993. The Southern Africa Development Community (SADC)[5] that links 13 countries was established in 1993, while the 15-member Economic Community of West African States (ECOWAS) was founded in 1975.[6]

Meanwhile, the ideal of pan-African cooperation *cum* unity dates back to the eve of Africa's independence, when, for example, a group gathered in Manchester, the United Kingdom, to promote freedom, justice, equality, and economic welfare for all African peoples.[7] This aspiration culminated in the founding of the OAU on May 25, 1963, although the provisions of the OAU Charter clearly fell short of what the pan-Africanists had longed for. Pan-Africanists like Kwame Nkrumah of Ghana and Julius Nyerere of Tanzania had respectively called for Africa to unite (Nkrumah, 1963) and to create a United States of America (Nyerere, 1963), when the OAU was founded. The two leaders, who led their respective countries into independence and became their countries' first post-colonial presidents, called for the formation of a supranational pan-African government as an expression of continental solidarity and policy coherence. In essence, they could be described as African federalists, who subscribed to a "big bang" approach to African integration, even if it meant that the newly independent states of Africa had to cede part of their sovereignty to pan-African supranational structures, including a pan-African parliament, a pan-African court, and an African government. These "federalist school" proponents essentially

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[4] One of the earliest regional integration arrangements in Africa was the customs union between Kenya and Uganda in 1900. Prior to the independence period, indigenous movements in favor of African regionalism existed, some of which evolved into pan-African arrangements.

[5.] The SADC was previously known as the Southern African Development Coordination Conference (SADCC).

[6] The *Communauté Economique de l'Ouest* (CEAO) links the Francophone members of ECOWAS, partly at the urging of the French government in the early 1970s.

[7] For a detailed description of the institution, see the Organization of African Unity (OAU)/African Union's web page: www.africa-union.org.

wanted a big bang transformation of post-colonial Africa in order to optimize its potential benefits of a unified Africa, including the tapping of the continent's abundant resources. (Lodge: 6-23)

Some of their contemporaries, however, did not share the enthusiasm for the seemingly hasty federalist strategy, even though they believed in African cooperation, unity, and development. In this category of African leaders were the erudite Leopold Senghor of Senegal and Houphet Boigny of Côte d'Ivoire, who felt that it was too soon after independence to speak of a supranational pan-African government, let alone share their national political autonomy with it. Rather, these leaders called for functional cooperation on sundry issues among the sovereign states of Africa. They argued that the pursuit of a pan-African government was ill-advised, because it was like putting the cart before the horse. For them, economic integration must precede political integration, and strengthening the national order must precede any pan-African construct. In general, proponents of this school of thought associated a pan-African government, for which they had no appetite, with the final and highest level of regional integration. To get to that stage of regionalism, they argued, relevant sectors of the economy must first be integrated. Thus, they subscribed to a "gradualist" strategy and, more importantly, espoused a relatively loose inter-governmentalist association. (Lodge; Lindberg and Scheingold).

Notwithstanding their philosophical differences, African leaders kept the dream of continental regional integration alive. First in July 1977, the OAU backed an earlier resolution to create an economic community in gradual stages. Then, in April 1980, it reiterated the gradualist strategy in the Lagos Plan of Action and the Final Act of Lagos (LPA) in calling for the creation of an African economic community by 2000, purposely for stimulating the development of African economies. Third, in June 1991, the OAU signed the Treaty of Abuja, which would, in six phases, gradually create an African Economic Community within 34-40 years. The treaty, which entered to force in May 1994, was designed to coordinate, harmonize, and progressively integrate existing and future sub-continental regional economic groups (REGs), particularly via the continent's five main REGs, viz., AMU (northern Africa), COMESA (northern/eastern/southern Africa), ECCAS (central Africa), ECOWAS (western Africa), and SADC (southern Africa). The ultimate goal of the AEC was to achieve a common market that would enable unencumbered movement of goods and services across the continent. Thereafter, the OAU operated under two legal instruments, viz., the OAU Charter and the Treaty of Abuja. It was thus known as the OAU/AEC until the AU supplanted it in July 2002 at the 38th summit of the OAU.

Against the backdrop of the foregoing, therefore, when Muammar Gaddafi proposed a United States of Africa at an OAU summit in Sitre, Libya in 1999, for instance, the idea was by no means novel. He was essentially resurrecting and echoing an idea that the forerunners of pan-Africanism, inter-alia, Nkrumah and

Nyerere, had floated four decades earlier. However, like his forerunners, Gaddafi has been greeted with skepticism, not so much from within Africa as from outside the continent. Critics wondered if he has an ulterior motive, as they did about Nkrumah and Nyerere back in the 1960s. In the same vein, when Thabo Mbeki suggested an alternative 'easy does it,' gradualist approach at the Durban summit, he was echoing sentiments that had been espoused by the likes of Boigny and Senghor forty years earlier.

The Constitutive Act of the AU

To recapitulate, in the 1999 Sirte Declaration, African leaders agreed to transform the OAU to the AU. Shortly, thereafter, in July 2000, African leaders adopted the African Union Constitutive Act in Togo, which entered to force in May 2001. So, what is in the Constitutive Act? Broadly, it comprises 33 articles.

Respectively, Articles 3 and 4 deal with the objectives and principles of the Union. Specifically, Article 3(a-n) include, inter-alia, achieving greater unity and solidarity between the peoples of Africa and the continent's countries, defending the territorial integrity and independence of member states, and accelerating the political, social, and economic integration of the continent. Furthermore, the AU aims to defend and advance Africa's common position on issues of interest to it and its people, support international cooperation with a view to relevant international treaties, and promote peace, security, and stability. The AU also aims to promote democracy, human rights, sustainable development, policy coordination and harmonization between Africa's regional communities, and research and development.

Similarly, the Constitutive Act outlines 16 principles in Article 4(a-p) that shall guide the activities of the Union, including sovereign equality and interdependence among member states, the participation of the African peoples in the Union's activities, the establishment of a common African defense policy, the prohibition of the use of force or threat to use force among its members, and non-interference by any member state in the internal matters of another. The principles also include the right of any member state to request intervention from the Union so as to restore peace and security, as well as the right of the AU to intervene in a member state as regards war crimes, genocide, and crimes against humanity. Other guiding principles include the promotion of gender equality, self-reliance, and social justice, respect for democracy, human rights, the rule of law, and good governance, as well as condemnation and rejection of unconstitutional changes of government.

Articles 5 through 22 of the Constitutive Act cover the inclusive nine institutions of the Union, viz., the Assembly, the Executive Council, Specialized Technical Committees, the Pan-African Parliament, the Court of Justice, three financial institutions, the Commission, the Permanent Representatives Committee, and the Economic and Cultural Council.

The *Assembly of Heads of States and Government*, whose composition and operating rules are spelled out in Articles 6 through 9, is the Union's supreme organ. It shall meet at least once annually in ordinary session, and may meet in extraordinary session at the request of any member state, subject to approval by two-thirds of the member states. Furthermore, Article 6 (4) of the Constitutive Act stipulates that the Office of the Chair of the Assembly shall be held by a Head of State or Government for one year. According to Article 7, the Assembly shall take its decisions by consensus, by a two-thirds majority, and by a simple majority (on procedural maters). While Article 8 deals with the rules and procedures of the Assembly, Article 9 spells out the functions of the Assembly, including, inter-alia, setting the policies of the Union, adopting the Union's budget, review applications for membership, establishing any institutions of the Union, appointing and terminating the judges of the Court of Justice, and appointing the Chairman of the Commission and other Commissioners.

The *Executive Council* comprises the Ministers of Foreign Affairs or other ministers, and meets at least twice a year in ordinary session. It may also meet in an extraordinary session upon request by a member state, subject to approval by two-thirds of the Union's members. Like the Assembly, voting in the Executive Council is by consensus, two-thirds majority, or a simple majority. Article 13 of the Constitutive Act outlines the functions of the Council, which include the coordination and formulation of policies in areas of common interests, such as foreign trade, agriculture, environment, science and technology, nationality and immigration issues, and setting up an African awards mechanism. The Executive Council is responsible to the Assembly.

The *Specialized Technical Committees* (STCs) are responsible to the Executive Committee, and Article 14 of the Act provides for seven of them. They deal with (a) rural economy and agricultural matters, (b) monetary and financial affairs, (c) trade, customs and immigration matters, (d) industry, science, and technology, (e) transport, communications, and tourism, (f) health, labor, and social affairs, and (g) education, culture, and human resources. The Committees shall be composed of relevant Ministers or senior officials, and meet as often as necessary. They are also responsible for supervising, following up, and evaluating the implementation of decisions by the other organs of the AU.

The *Pan-African Parliament* (PAP). Article 17 of the Constitutive Act provides for the creation of a pan-African parliament, purposely to enable the African peoples to participate in the development and economic integration of the continent. Its composition, powers, functions, and structure are to be defined at launch time.

The *Court of Justice*. Article 18 of the Act makes allowance for the establishment of an African Court of Justice (ACJ). As noted earlier, its justices will be appointed by the Assembly. Its statute, composition, and functions are to be defined later, presumably by the time it is inaugurated. Once the ACJ is estab-

lished, it shall be responsible for, inter-alia, interpreting the provisions of this Act (Article 26).

The *Financial Institutions*. The Act calls for the creation of an African Central Bank, an African Monetary Fund, and an African Investment Bank. Their rules and regulations are to be defined later, most probably at inception.

The *Commission of the AU* is the *de jure* secretariat of the Union, and is based in Addis Ababa, Ethiopia, the headquarters of the Union (Article 24). The Commission is headed by a Chairman, who, along with his or her deputy/deputies, and other Commissioners, is appointed by the Assembly. The Chairman and his/her colleagues are supported by a bureaucracy. The structure, functions, and regulations of the Commission are also to be determined by the Assembly.

The *Permanent Representatives Committee* (PRC) composed of Permanent Representatives (ambassadors) of member states to the AU. It is responsible for preparing the work of the Executive Council, and for acting on Council's instructions. The Act empowers it to set up sub-committees or working groups as it deems necessary.

The *Economic, Social, and Cultural Council* (ECOSOCC) comprises different social and professional groups of the member states, and functions as an advisory body of the AU. Its powers, functions, and ancillary matters relating to the body are to be determined by the Assembly.

The two paragraphs of Article 23 of the Act address the imposition of appropriate sanctions on member states that default on their financial obligations to the AU, and that fail to comply with the Union's decisions and policies. Appropriate sanctions are defined as the denial of the right to be heard at AU meetings for payment defaults, and the denial of communication links with other member states for the latter infractions. The remaining provisions of the Consultative Act address a range of pertinent issues, such as working languages— African languages, Arabic, English, French, and Portuguese (Article 25), signature, ratification, and accession (Article 27), entry to force of the Act (Article 28), admission to membership process (Article 29), suspension of governments that come to power through unconstitutional means (Article 30), the process for withdrawing from the AU (Article 31), the process for amending and revising the Act (Article 32), and transitioning from the OAU to the AU, and ancillary issues (Article 33).

Praxis and Analysis

In this section, we will analyze the AU enterprise in practice, focusing on, inter-alia, the similarities between the AU and the EU, and some of the challenges the AU faces in its pan-African integration journey ahead.

(A) Comparative Analysis

Foremost, it is instructive to note that many of the articles of the Constitutive Act were transferred from the 1991 Abuja Treaty that launched the AEC. This should not be surprising, because the Act incorporated and replaced the AEC. Institutions, such as the Assembly, the PAP, and the ACJ were previously mooted in the defunct AEC. It is further instructive to note the striking similarities between the institutional structures of the AU and of the European Union, at least on paper. Indeed, the architects of the AU have not hidden the fact that the AU was modeled on the EU. President Gaddafi admitted as much in an interview that he drew his inspiration from the EU experience (Nevin 2001).   Likewise, at the July 2001 OAU summit in Zambia that dealt with the transition from the OAU to the AU, "several references were made to the African Union being loosely based on the European Union model. To underscore the point, following, in Table 1, is a quick snapshot comparison of the institutional structures of the AU and the EU.

Table 1: Overview of AU & EU Institutions

Role/Function of institution	African Union	European Union
Provides overall strategy and political direction	The Assembly of Heads of State and Government	The European Council (of Heads of Government/State) & Commission President
Coordination and formulation of policies	The Executive Council of the Ministers of Foreign Affairs, or other ministers	The General Affairs Council, or The Council of the EU
The secretariat— the cabinet and the bureaucracy	The Commission of the AU; headed by an appointed Chairman	The Commission of the EU; headed by an appointed President
Legislature	Pan-African Parliament (PAP); presently an advisory body	European Parliament (EP); power is a function of the legislative procedure being employed; assent power
Judicial review	African Court of Justice (ACJ)	European Court of Justice (ECJ); apex court of the EU
Ambassadors	Permanent Representatives Committee (PRC) of member states to the AU	Committee of Permanent Representatives (COREPER II) of member states to the EU
Expert committees	Specialized Technical Committees (STCs)	COREPER I
Advisory corporatist structure	The Economic, Social, and Cultural Council (ECOSOCC)	Economic and Social Committee (ECOSOC)

According to Table 1, the AU's "Assembly of Heads of State and Government" is comparable to the EU's European Council, because both are their respective Union's supreme organ. However, unlike the European Council, whose presidency is rotated every six months among its constituent member countries, the AU's Assembly is chaired annually by one of the Heads of State or Government of its members. In other words, whereas the European Council is led every six months by a member country, the AU Assembly is led by an individual who is elected for a period of one year. Further on the similarities of the institutions of the two Unions, the "Executive Council" of the AU is analogous to the Council of Ministers, especially the General Affairs Council, or the Executive Council (for other ministers) is comparable to the Council of the EU. The analog of the EU's Committee of Permanent Representatives/ambassadors (COREPER II) is the AU's Permanent Representatives Committee (of ambassadors), and the AU's Specialized Technical Committees is analogous to only the EU's COREPER I (of technical experts). Obviously, the ECOSOCC of the AU is comparable to the Economic and Social Committee (ECOSOC) of the EU, especially given their advisory functions to their respective Unions.

Other key institutions of the AU and the EU that share similar names are the Commission, the Court of Justice, and the Parliament. While the three aforementioned institutions are firmly established in the decision-making structures of the EU, respectively as the cabinet/bureaucracy, the judiciary, and the de facto lower legislative chamber of the EU, the AU's institutions are still evolving. The functions of the AU organs, while stated in the Constitutive Act, have yet to be fleshed out. There is a lot that the Constitutive Act has left to the AU Assembly to decide regarding the functions and powers of the three institutions. These are to be accomplished in special protocols for each institution. For example, whereas the AU's Commission and PAP are taking shape, the ACJ exists only in the abstract at this point. So far, it has no address, no judges, no staff, and no implied or explicit powers. Even for the other two institutions, which are already being metamorphosed, there is still a long way to go before they can genuinely stack up to their EU counterparts with regard to the breadth and scope of their powers. For instance, the initial role of the PAP is advisory and consultative, and is expected to convene at least twice per annum. The PAP is expected to ultimately evolve into a bona fide legislative body as a conduit for the full participation of the African peoples in the development of the continent. There is no doubt from the foregoing about the similarities of the names and functions of the major institutions of the AU and the EU's, what is yet unknown is whether the AU's institutions will eventually develop the sophistication, the reputation, and the expertise with which their EU counterparts are associated. For example, will the PRC evolve into a powerful decision-making body that its EU counterpart, the COREPER, has become? Only time will tell.

Another area where we can draw parallels between the EU and the AU is with regard to their goals. Although they arrived at their respective goals from

different experiences, the aspirations are similar. Both Unions, for example, hope to use regional integration to promote peace, stimulate economic growth, achieve solidarity for their peoples, and strengthen their international profile/stature. To be sure, the experiences of two world wars in the 20th century in particular necessitated the EU, in the hopes that rapprochement between France and Germany would help to establish everlasting tranquility in Europe, following which economic integration would be possible. With regard to the AU, Africa has had its share of violent civil and inter-state wars. Many observers have also pointed out that the frequency of wars in Africa compromises economic strategies on the continent, because the resultant instability scares away potential capital and risk-averse investors. That, in turn, reduces domestic capital formation. So, just as the EU has used regional integration to foster and promote peace via an increasingly interdependent economic structure, the AU also needs regional integration as a vehicle for promoting pan-African peace, in order to enhance the prospects for positive economic results. In short, the AU needs to make Africa's economies more mutually interdependent among its constituent members. That can only happen if they trade more with one another than they currently do in a South-South context. Indeed, as we have learned from the experience of the EU, perhaps the single most remarkable achievement of the EU is the assurance that war is an unthinkable option for conflict resolution within the EU, which makes long term strategic decisions/planning by economic actors possible. In turn, that leads to economic benefits, which further reinforce political stability. After all, and according to a maxim, "borders frequented by trade seldom need soldiers."[8]

(B) Challenges

Size and Decision-Making: One of the major challenges that the AU faces is its sheer membership size. At over 50 member states, potential pitfalls that could stall and even reverse the progress of the AU are manifold. They include, but are not limited to, decision-making moving at the pace of a snail (at the speed of the slowest member), or even grinding to a halt. Unlike the EU which had the luxury of starting its regional integration journey with only six countries, although it was unintentional, it was relatively easier to forge consensus on many issues. According to neo-realist theory, given that nation-states are rational actors and behave in self-interested manners, and are influenced by domestic actors (Waltz and Keohane), achieving consensus on sundry issues at the supranational (international) level may be painstakingly difficult. This will particularly be daunting for a Union of 53 member states, each with its own interests, and from which the AU will have to forge consensus or mobilize two-thirds votes on substantive issues, in order not to become paralyzed by virtual inaction and become adrift.

[8] A slogan of Thunderbird School of Global Management (in Glendale, Arizona, USA) (http://www.thunderbird.edu/about_thunderbird/inside_tbird/mission_statement.htm).

The 1965 Empty Chair crisis is a vivid reminder of how decision-making can grind to a halt, even in a supranational structure that comprises as few as six member states. The EU is also instructive in how increasingly difficult decision-making has become as it widens its membership. The AU does not want to create the impression in the minds of member states and the African people that it is just like its predecessor, the OAU, renowned for its diplomatic niceties and rhetoric, but no action. If the AU turns out to be a talk shop, it could prompt calls within democratic African societies for their countries to withdraw. Indeed, even if member states contemplate withdrawing from the Union, especially because of frustration with inaction, the perception could be damaging to the credibility of the AU. Although from a decision-making standpoint, the fewer the member states, the better, any withdrawal of membership from the AU will likely be viewed negatively. Other things being equal, it is typically preferred to gain members than to lose members in regional integration schemes, because the former signals progress and could result in the possibility of assuming more responsibilities at the supranational level (spillover effect), while the latter portends that all is not well, and increases the probability of postponing/suspending (new) integration initiatives, or abandoning them altogether (spillback effect). (Lindberg and Scheingold: 135-140).

Although the AU stipulates that decisions shall be by consensus or by two-thirds majority that could still be difficult to achieve on even ostensibly innocuous issues. Therefore, what the AU ought to consider as quickly as possible is streamlining how it makes decisions, for instance, by identifying those areas of its enterprise where perhaps a simple majority of its membership should suffice. Waiting for every/most AU members to get on board on all/most issues could be costly (and slow down the integration momentum), because odds are that decision-making in a 53-member AU will move at the speed of its slowest member(s). The AU could thus develop a framework that is similar to the EU's "constructive abstention" mechanism that would allow some of its more progressive members to press ahead on some policy areas.[9]

Disparate Economies[10]: Similar to the observation above about the sheer numerical size of the AU membership, whereas the EU that started with six relatively equal and cohesive economies, measured in per capita income, the 53 AU members' economies manifest wide development dispersions, measured in both GNP (capacity to support economic ventures) and GNP per capita (purchasing power). The continent's economic sizes ranged from a high of $165 billion (Republic of South Africa) to a low of $0.3 billion (Guinea-Bissau) in 2004. Similarly, the continent's GNP per capita ranged from a low of $90 (Burundi) to a high of $4,640 (Mauritius) in 2004. The challenge from the foregoing

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[9] This is akin to a multiple-speed differentiated integration. For a good discussion of the concept, see, for example, Laffan (1992).

[10] The discussion here relies on statistics from *World Development Indicators 2006* (Washington, D.C.: The World Bank, 2006).

is how to get all the countries to work together, such that they are able to pool their diverse economic capacities and diversify their economies for the benefit of all. What's more, given that sovereign states sign on to regional integration schemes because they expect the resultant trade creation to exceed the associated trade diversion, or they expect a net economic benefit, the challenge is for the AU to come up with mechanisms that will help distribute the attendant benefits of pan-African integration proportionately and fairly between landlocked and littoral states, and between large and small countries, such that the undertaking yields a win-win outcome for all participants. Otherwise, dissatisfied and impatient members may pull out of the AU, especially if they believe that they are not getting maximum benefits of integration. Such was the case with the East African Community, when it was dissolved in 1977, ten years after it was launched, because acrimonious charges and counter-charges among its three members about the uneven distribution of the gains of integration.'

Following through on commitments: In view of the record of the OAU and the history of African countries with regional integration, a relevant question to pose is will the AU follow through on its commitments in the Constitutive Act? For example, although the Constitutive Act included the right of the Union to intervene in a Member State in respect of grave circumstances (Article 4.h), the AU quietly amended the provision in 2003 by watering down the grounds for intervention. Apparently the provision, along with Article 3 (2) of the Constitutive Act, which had been widely hailed as one of the boldest statements by African leaders, and a profound improvement on the defunct OAU, was amended apparently because of the Bush administration's decision to invade Iraq in 2003.[11] Irrespective of the justification, the amendment is a chilling reminder of how African leaders tend to put their own personal interests above their nations'— clinging on to power by all means, even if it means that their people continue to subsist on the fringe of the economy. One unintended terrible consequence of the amendment that perhaps serves the interest of a few despots is the on-going atrocities in Sudan, a signatory member of the AU. At the height of the genocide in western Sudan, which has already claimed at least 300,000 lives and has resulted in the internal displacement of another 2.5 million Dafurians in refugee camps in Sudan and in neighboring Chad, the AU has been incapable of a strong and decisive response. Instead, all it has been able to muster is, at best, an incoherent, feeble, and tentative response, while over thousands of lives continue to perish.[12] For instance, the AU initially dispatched a 60-member AU Mission in

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[11] The logic was that the Bush administration could use the original provision of Article 4 (h) as a pretext for removing unfriendly governments in Africa ("What price intervention," Evarist Baimu and Kathryn Sturman, *AfricaWeek*, February 2006: 30-31).

[12] See, among others, "AU accused of inaction in face of Sudan strife," William Wallis, *Financial Times*, January 31, 2007: 2, "AU struggles to find coherent response to war," Andrew England, *Financial Times*, December 29, 2006: 5; and "Symbolic blow to African unity," Mark Sorbara, *AfricaWeek*

the Sudan (AMIS) observer team in spring 2004, which the AU Assembly revised upward to 80 a couple of months later. By October 2004, the Executive Council for Peace and Security decided to expand AMIS into a full-fledge peacekeeping undertaking, and as a result of which it eventually deployed up to 7,000 military personnel in Western Sudan by 2006, most of whom were from Nigeria and Rwanda.

Another eyesore in the AU's docket is the deteriorating economic, social, and political situation in Zimbabwe. Here again, both at the continental level (i.e, the AU) and at the sub-continental level (i.e., the SADC), African leaders closed ranks with President Robert Mugabe in the face of widespread international criticisms of his tenacious and brutal hold on to power, as he even boasted after a hastily called meeting of the SADC in Tanzania that "not even one (SADC leader) criticized our actions."[13]

Functioning Supranational Organs: The AU also needs to expedite the creation of certain supranational institutions, most notably, the Court of Justice. The Court is vital for adjudicating disputes and interpreting the provisions of the Act. Although the Assembly is expected to stand in for the ACJ until it debuts, according to Article 26 of the Act, the arrangement is nonetheless fraught with potential problems. First, having a group of Heads of State and Government adjudicate cases that could well involve them smacks of the old ways of doing business in many African countries— the absence of a bona fide separation of powers. What if the dispute is between the Assembly and another institution of the AU? How would the Assembly be able to recuse/disqualify itself from the case, even if it wanted to? It reeks of a potential conflict of interest. Second, could cases that were previously decided by the Assembly be appealed to the ACJ after the debut of the apex court? In short, one of the lessons learned from the experience of the EU is that functioning supranational institutions have been helpful to its successful evolution.

Moreover, the challenge for the ACJ is to quickly establish its authority and autonomy through both implied and explicit powers granted it once it debuts. The ACJ will have an important role to play in the pursuit of pan-African integration, not only in establishing the importance of the concept of rule of law in the AU, but also in ensuring that the Consultative Act and the Treaty of Abuja are designed to create more than a giant free trade area. If the AU wishes to replicate the success of the EU, it must be borne in mind that

> During long years in which the political development of the
> Community seemed to have ground to a halt, it was the Court
> that kept alive the vision of the Community as something more

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[13] See, for example, "Mugabe's enablers," Arnold Tsunga, *The Washington Post* , April 5, 2007: A17, and "Zimbabwe's neighbours duck confrontation with Mugabe," Tony Hawkins and Alec Russell, *Financial Times*, March 30, 2007: 6.

> than a trade alliance. In a sense, the Court created the present-
> day Community; it declared the Treaty of Rome to be not just a
> treaty but a constitutional instrument that obliged individual citi-
> zens and national government officials to abide by those
> provisions that were enforceable through their normal judicial
> processes. (Shapiro, 1992: 123)

Financing the AU: Another potential challenge for the AU is how it finances its obligations and commitments in the Constitutive Act. On the one hand, given the history of African countries with the REGs, and the penchant to fall behind on the payment of their dues, especially when faced with equally important, but competing obligations/commitments, how will the AU fund its expenditures? This challenge is particularly daunting because of widespread poverty and un-even levels of development within and between African countries. This raises an important issue about the readiness of member countries to assume the obliga-tions of membership, which includes the ability to routinely pay annual dues to the coffers of the Union. On the other hand, the best we can discern from the Act is that the budget will rely on member states' annual dues and fines that are im-posed on recalcitrant members. Whereas annual dues are more predictable, sanctions are too unreliable as a major source of revenues, particularly if en-forcement is lax. Hence, how the AU finances its ambitious programs and institutions is worrisome.

A helpful and vivid illustration of the implications of the budget challenge is the AU's tepid response to the crisis in Dafur. It has had to rely on external sources, primarily the EU ($100 million) and the US ($45 million) to fund the $220 million deployment of its AMIS military personnel in Dafur. Another illu-stration is the funding of what has evolved as the economic pillar of the AU's AEC strategy— the New Partnership for Africa's Development (NEPAD) (for a discussion see Taylor). Touted by its chief architects as an African solution to African problems, it is ironic that a handful of African Presidents have had to travel almost annually to G-8 meetings, first to get the approval of the group of affluent countries, and second, to solicit aid for the initiative's myriad ideas.[14]

Perhaps what the AU needs, is a country or a few countries that would func-tion as its paymaster, much like Germany bankrolled European integration as a net contributor virtually since the inception of the EU. Simultaneously, the AU needs a country or a group of anchor countries to provide much-needed leader-ship, something akin to the Paris-Berlin axis of the EU. The AU needs its own paymaster and economic locomotive engine. Perhaps only South Africa has the

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[14] "Gleneagles What was all the hype about?" Cameron Duodu, *New African*, August/September 2005: 34-37, *Africa Analysis*, No. 424, June 13, 2003: 1-2, and "Hope for a New Africa," George Ogola, *NewAfrica*, July 29, 2002: 10-14.

economic diversity and financial wherewithal to support the AU, but the question is if South Africa has the desire to play the role.

Popular Participation: Conspicuously absent from the discourse about both the AU and the NEPAD in most African countries are the ordinary African people. Save a few countries, the issue of establishing an African Union or the NEPAD was not widely discussed, if at all, in most African countries. For two initiatives that their architects argue will transform the African society, it is worrisome that the growing African civil society was nowhere to be seen or heard from during their edifications. Indeed, even years after both initiatives were launched, most Africans know very little, if anything, about them. What is particularly troubling about this is that even among academics of African descent, most of those whose disciplines are outside of the social science know very little about both the AU and the NEPAD. If African academics have a very fuzzy understanding of the AU and the NEPAD, what then can we expect of average Africans? How could we then expect the masses to appreciate the two ostensibly "home-grown" constructs that supposedly will springboard African renaissance?

The challenge for the AU, its Commission and its constituent members, therefore, is to devise effective ways of disseminating information about the AU, NEPAD, the PAP, etc. to the public, and engaging the African people. The relationship with the African public has to be both top-down and bottom-up, and not merely top-down and elitist. Additionally, the AU Commission and member government need to devise ways to properly and adequately train the bureaucrats at the frontline (e.g., border posts, embassies, etc.) of the regional integration enterprise. Customs and Immigration officers need to realize that they are vital to a successful implementation of the AU and the NEPAD in terms of facilitating increased intra-African trade and investment— two critical engines of growth and development— by not turning off and turning back would-be investors/businesses from other African countries. They need to understand that legitimate investors need not always come from the North or from outside the continent.

Conclusion

The foregoing discussion demonstrates that regional integration is a potential panacea for Africa's deplorable condition, and the AU is a positive development in that direction. However, as the discussion also shows, sharing the same names with EU institutions does not mean that the AU will have a similar experience as the EU. For starters, their historical circumstances are different. Moreover, the EU started with a group of only six, affluent countries, while the AU started with 53, mostly impoverished, countries that vary widely in population, economic size, per capita income, and so forth. Similarly, as Kofi Annan reminded African

leaders in 2002, the AU's task is daunting indeed, because, unlike the EU, it has "a larger geographical space to cover with far fewer resources."[15]

Nonetheless, there are glimmers of hope. For example, one of the major achievements of the AU thus far is how quickly its member states ratified the Constitutive Act almost one year ahead of schedule. Given the continent's unenviable history of dragging its feet on important issues, the Act was ratified by the required two-thirds of the OAU members within a year. It might be a sign of positive/great developments in the future of the continent. It might also be a testimony to an appreciation of the sense of urgency by Africa's new leaders. Another major landmark in the young Union is the launching of the pan-African Parliament in March 2004, when the body held its first meeting at its Midrand, South Africa home. Again, member states ratified the protocol setting up the parliament in record time.[16] The establishing protocol of the PAP provides for five members (including at least one woman) per AU member state. The PAP, which convenes at least twice a year and merely functions as an advisory and a consultative body, is headed by an elected President and four Vice Presidents.

A third encouraging development is the adoption of the NEPAD initiative at the 2001 Lusaka summit as the AU's economic blueprint/policy, arguably, the closest example of sectoral emphases and perhaps of functional spillover in the Union. Another closely related positive development is the Peer Review mechanism, which encourages member states to submit their macroeconomic strategies for review by independent experts in Africa.[17] A final glimmer of hope is the immediate reaction of the AU, led by its then Chairman of the Assembly, President Obasanjo of Nigeria to reverse a 2003 coup d'etat in Sao Tome and Principe, in accordance with Article 23 (2) of the Constitutive Act, which calls for the suspension of any member state whose administration/regime comes to power through unconstitutional means.[18]

In order for the AU to succeed, each of its institutions must function according to the provisions of the Act. The Union must enhance its financial mechanism. That is, in typical EU lingo, develop its "own resources." The Commission must work effectively with other institutions at the supranational level, while simultaneously working with member states' functionaries. The provisions of the Act must be actualized, including allowing civil societies access to the arena for policy initiation, policy formulation, policy implementation, and policy adjudication. The AU should be about the African peoples, and as such should have relevance at the grassroots level. It seems that the peoples of Africa have been largely left out of the process, because they seem to know very little about the AU, or policies such as NEPAD and the Peer Review process. This has to change by being more relevant in the streets of Africa, and by bringing decision-

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[15] *African Busines*, September 2002.
[16] "Pan Africa Parliament alive and kicking," *New African*, July, 2004: 16.
[17] "NEPAD: the African magic formula?" Denis Venter, *Africa Week*, August 2004: 26.
[18] *Africa Analysis*, No. 428, August 8, 2003: 3.

making closer to the people if the AU hopes to deliver. Otherwise, Africans will react as they did with respect to the predecessors of the AU— yawn, cynicism, and skepticism. The AU and the regional integration undertaking must be a people's enterprise, and not elitist.

European Security Integration: Lessons for East Asia?

Katja Weber

Introduction

The purpose of this paper is to analyze the relevance of the European integration experience for East Asia's future security architecture. Or, put differently, the study asks what the European experience can tell us about future East Asian security institutions. Tracing European cooperative efforts from the early post-World War II days to recent attempts of stabilizing the neighborhood via a European Neighborhood Policy, the paper argues that the process of European security integration provides useful lessons that can inform a similar process in East Asia.

Given that there are significant differences between post-1945 Europe and 21st century East Asia--including the U.S.'s promotion of regional institutions in Europe versus bilateral alliances in East Asia (Hemmer and Katzenstein 2002); more or less equal power capabilities in Europe versus the huge power asymmetry with respect to China in Asia; a fairly homogeneous European culture versus a heterogeneous Asian culture; largely traditional security threats in Cold War Europe versus a whole range of non-traditional security threats in East Asia, etc.--the East Asians are unlikely to copy the exact same steps taken by the Europeans to improve their security, i.e., one model does not fit all. Nor does the promotion of stability/peace-building have to be unidirectional--economic cooperation, for instance, does not necessarily have to precede security co-operation.

Since history--due to Japan's troubled past with its neighbors, and the creation of two Koreas and two Chinas--is still a "neuralgic point in East Asia" (Berger, 2006: 3), it is argued that Japanese, Koreans and Chinese can be expected to develop a distinct path to stabilize the region. And yet, considering the multi-faceted nature of security threats, the main ingredient of the European success strategy, namely the institutionalization of trust on multiple levels, and hence the creation of a complex web of governance (Hooghe and Marks 2003), is likely to be emulated in the long run.

Although many Taiwanese, as well as some Japanese and Koreans, would disagree, the paper assumes that the main enemy is strategic instability, and that institutional structures therefore are not created against anyone, but to reduce the

high uncertainty East Asians confront regarding each others' actions and intensions. Institutions are to provide fora to air opinions, establish rules (non-intervention in others' domestic affairs), access information, and reduce transaction costs. Moreover, it is understood that institution-building on multiple levels (local, national, sub-regional, regional) and across issue areas (economy, environment, security, energy, etc.) takes time and various forms (bottom-up versus top-down).

While institutions are being created to enhance transparency, efficiency and trust, the chapter argues, the East Asians need to address their historical legacies to promote security. Japan, in particular, more effectively and credibly needs to deal with its war guilt, while Chinese and Koreans are receptive to apologies from Japan. As Berger (2006) and Kaiser (2006) convincingly demonstrate in the German case, the dynamics of historical memory are quite complex. Germany has spent decades trying to come to terms with its war guilt by engaging in reeducation efforts, begging forgiveness, providing monetary compensation, building museums, etc. It is conceivable that this European experience may inform East Asia, i.e., that Japan may emulate the German model--rewrite its text books, extend heartfelt apologies to its neighbors (which some argue it has already done), stop its visits to the Yasukuni shrine, etc. However, it is also plausible that Japan may prefer to take a different path and rely on different types of restitution. In any event, it is hypothesized that, addressing this divisive issue, at a minimum, will help bring about greater co-operation, but may in fact be a necessary condition for the creation of a structurally sophisticated security arrangement.

Here the literature on reconciliation is pertinent. As Long and Brecke (2003: 124), for instance, make clear, "[e]motions and reason are not generally antagonistic; they are complementary. … Emotions recognize challenges and opportunities in our environment, and they identify our preferences." This then suggests that governance structures may be determined by much more than cost/benefit analyses of rational actors, namely also actors' emotions. Since Japan's apologies thus far have appeared "ad hoc and made grudgingly under international/regional pressure" (Suzuki 2007: 9), it can be hypothesized that resurfacing history problems, and emotional needs stemming from them, may have to be taken care of before institutional structures requiring a significant degree of commitment can be built. Or, put differently, the settlement of historical disputes may be a necessary prerequisite before further security cooperation can be achieved, but is unlikely to be sufficient.

In sum, the paper argues for a two-pronged strategy to enhance East Asian security: (1) dealing with historical legacies and war guilt; and (2) building trust via institutions. Since confidence-building, as the European case makes abundantly clear, does not happen over night, the goal is to remove outstanding obstacles to cooperation and create institutional structures that promote mutual respect, trust and tolerance. Over time, and commensurate with their threat per-

ception(s), East Asians may graduate to more sophisticated security arrangements to dilute, absorb and/or contain conflict and to reduce the likelihood of opportunistic behavior. Thus, in the long run, East Asia may also end up with a complex web of governance and "thick alphabet soup of international agencies" (Ullman 1991: 145) to promote peace, but, due to the differences between post-1945 Europe and 21st century East Asia mentioned above, unique indigenous developments, and significant changes in the international environment since the Europeans began their institution-building, this web/soup is unlikely to be a carbon copy of the European one.

Conceptual Frameworks on East Asian Security

Examining East Asian security provisions from the perspective of a Europeanist, one is struck by the fact that there are much fewer theoretical writings on the subject. What one mainly finds are assessments of the likelihood of stability in the region with prognoses ranging from severe pessimism to cautious optimism.

(Neo)realists, as expected, focus on the security dilemma, the zero-sum international environment, power politics, and relative capabilities and, consequently, are pessimistic about the prospects of peace. Due to the anarchic nature of international politics, a regional arms race (Glaser 1993: 6), great power conflict (Betts 1993/94: 9), strategic rivalries (Hwang 2006: 5), and nuclear proliferation (Friedberg 1993/94: 29) seem to be where China, Japan and the two Koreas are headed.

Hegemonic stability theorists, similarly, predict a bleak future for the region. A rising China, Roy (1994: 149-150) for instance argues, will be able to challenge Japan which in turn will feel threatened and remilitarize. Or, in other words, dissatisfied with the status quo, China will become increasingly assertive (Jansen 2002: 763) and plunge the region into a hegemonic war (Roy 1994: 165). Alternatively, Japan may revise its Peace Constitution, and once this "demarcation line is broken through," there will be concern about a rising, remilitarized Japan (Garrett and Glaser 1997: 391). In this scenario, China and, very likely, South Korea are expected to increase their capabilities to deal with this Japanese challenge.

Neoliberals/institutionalists are more upbeat about the prospects of cooperation in East Asia. Shambaugh (2004/05: 64), for example, points out that "most nations in the region now see China as a good neighbor," rather than a threatening regional power. Absent imminent threat, yet still concerned about "the lack of transparency in the intentions and strategic thinking of Beijing" (Lee 1997: 252), Funabashi (1993), McVadon (1999), Wu (2000), Acharya (2003), to name but a few scholars, suggest to engage China in a variety of institutions. Similarly, Vaeyrynen (2001), Cha (2003), Katzenstein (2004), and many others, advocate incorporating Japan in a host of institutional arrangements ranging from bi- to multilateral. Although not a "cure-all," cooperative security arrangements,

these scholars argue, are a step in the right direction in that they reduce uncertainty, lower transaction costs, and promote trust.

In addition to regional stability assessments, with few exceptions (Acharya 2003; Buzan and Waever 2003; Suh et.al. 2004; Katzenstein 2005) one largely finds descriptive accounts of East Asian security arrangements where scholars compare countries' GDP, military hardware, military strategies, etc., to calculate who is likely to win a war in which scenarios.[1]

Conceptual Frameworks on European Security

Aside from studies investigating security threats and the prospects for peace both during and since the end of the Cold War (Deutsch and Singer 1969; Waltz 1979; Mearsheimer 1991; Grieco 1993; Kupchan 1994; Lebow and Risse-Kappen 1995; Van Evera 1996), there is a sizeable literature on alternative modes of organizing cooperation among states that ranges from public goods discussions, strategic interaction and quid pro quo bargaining (Axelrod 1984; Oye 1986; Stein 1990), to regime theory (Krasner, ed. 1983; Keohane 1984) and studies of global norm-creation, diffusion and internalization (Axelrod 1986; Kratochwil 1989; Nadelmann 1990; Klotz 1995; Katzenstein, ed. 1996; Cortell and Davis 1996).

Particularly useful in the context of European integration, however, has been the large literature on multi-level governance. Spanning several disciplines,[2] this literature identifies a host of factors that are important to understand why the Europeans chose the types of cooperative arrangements they did. Adopting a governance approach,[3] one, for instance, learns that governance does not always entail one-way control. Two-way or multi-dimensional designs are found frequently and there is a vast literature on increasingly complex types of organization. One common feature of these frameworks involves the relationship between vertical and horizontal loci of activity: "multilevels" and "networks." For example, according to Marks et al (1998: 273), "EU policy is produced by a complex web of interconnected institutions at the supranational, national, and subnational levels of government comprising a system of 'multi-level governance.'" Sweet and Sandholtz (1998) also differentiate levels of jurisdiction spanning from the local to the supranational level, while Scharpf (2001) distinguishes between intergovernmental, joint, and supranational decision-making. Similarly, Gstoehl (1995: 13) speaks of "variable geometry,"

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[1] See Bracken (2001: 71) who refers to this type of scholarship as a "cottage industry."

[2] For a recent review of this literature see Hooghe and Marks 2003.

[3] For a recent example, see Katja Weber, Michael E. Smith, and Michael Baun, eds. *Governing Europe's Neighborhood: Partners or Periphery?* Manchester: Manchester University Press, forthcoming. The following section draws on chapter 1 of this edited volume co-authored by Michael E. Smith and Katja Weber, "Governance Theories, Regional Integration, and European Foreign Policy."

Eising and Kohler-Koch (1999) of "overlapping policy networks," Johannson-Nogués (2003) of "network governance," Lavanex (2004) of "external governance," and Emerson (2003: 4) of "hub-and-spoke, cobweb, matrix and Rubik cube arrangements."

Other scholars highlight factors such as the formality of rules and the inclusiveness or exclusiveness of the governance arrangements. Abbott and Snidal (2000) conceptualize institutional arrangements in terms of degree of legalization, i.e., hard versus soft law, while Dunsire (1993) differentiates between regulation and self-regulation. And more recently, Hooghe and Marks (2003: 236) proposed to differentiate two types of multi-level governance design: "Type I," they explain, entails "general-purpose jurisdictions, non-intersecting memberships, jurisdictions at a limited number of levels, and a system-wide architecture." Type II is characterized by "task-specific jurisdictions, intersecting memberships, no limit to the number of jurisdictional levels, and flexible design" (ibid).

Clearly, a great variety of institutional structures can be found in the international environment and actors who have decided to cooperate to promote security - rather than to rely on self-help - have some degree of choice between different governance structures that entail varying degrees of institutionalization.[4] Assuming that actors pursue governance to solve collective action problems, one might propose a classification scheme ranging from hierarchical to non-hier-archical modes of governance. Elsewhere (Weber 1997; 2000; and Weber and Hallerberg 2001) a continuum of different institutional arrangements ranging from relationships characterized by high autonomy to more structured relationships with significantly restricted autonomy has been discussed in some detail.

In the security realm, it has been shown, an (external) threat is instrumental in determining the nature and degree of a state's initial commitment to an alliance (Walt 1988). A related security motivation is the fear of exclusion from a cooperative security arrangement, even where a state faces no specific security threat. In other words, there are both "push" and "pull" factors – fears of attacks and abandonment - that might encourage states to join cooperative security arrangements (Christensen and Snyder 1990). If the level of threat is low and the actors are viable with respect to the competition they face, there is no need for a strong commitment, and, if the actors choose to cooperate, an informal rather than a structurally sophisticated arrangement might be chosen. Such arrangements have low exit costs, usually do not require ratification by state actors, and can be easily modified or discarded (Lipson 1991). On the other hand, if the level of threat is high, actors are likely to prefer an arrangement that

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[4] This focus on deliberate, conscious choice conforms to standard micro-foundational assumptions about individual rationality and as such provides a useful starting point. Other assumptions about rational motivations at the micro-level, of course, are also possible - rationales of hard power, social skill/inclusion, and appropriateness (see Smith 2003: Chapter 1).

gives them greater assurance (i.e. one that is more binding, thereby reducing the risk of defection). These incentives for security cooperation might be measured in terms of relative military capability and geographic proximity. Other factors such as uncertainty, high asset specificity, and a need for regular transactions may increase the desire of actors to institutionalize their commitments (Williamson 1979, Williamson 1985, and Weber 1997).

In sum it has been argued that, both a high level of threat and high transaction costs are often *necessary* to bring about a structurally sophisticated institutional arrangement (they are separately necessary), but neither is *sufficient*. One therefore should be sensitive to governance arrangements that arise because of other factors in addition to (or even instead of) calculations about power or threats, such as normative concerns, collective identity, socialization processes, or even symbols, language, and rhetoric. This open-ended approach may allow one to shed light on cases where governance arrangements develop without a clear security threat or fail to emerge despite a clear threat.

In the following, this study reexamines the governance literature scholars draw on so heavily in the European context and evaluates its explanatory power in the Asian case. It, moreover, demonstrates that a better understanding of the complex security relations in East Asia is contingent on the "cross-fertilization" of multi-level governance approaches with ideational and psychological conceptual frameworks. In doing so, it affirms the need for "eclectic theorizing" (Katzenstein and Sil 2004) to make sense of East Asian security affairs, or, as Buzan and Waever (2003: 14) put it, the need to "mix" materialist and constructivist approaches.

After addressing an important caveat, the paper investigates Europe's complex institutional history, where different cooperative arrangements with varying memberships coexist and work alongside each other. Next, a mini case study of Japan will be conducted. Specifically, the paper examines historical legacies that still stand in the way of closer cooperation and, comparing Japan's attempts at reconciliation with those of Germany, aims to make a number of policy recommendations. Then the paper scrutinizes presently existing security arrangements (bilateral relations between the US and Japan, US and China, US and South Korea, ASEAN Regional Forum, North-East Asia Cooperation Dialogue, etc.) and, assuming voluntary cooperation rather than coercion,[5] i.e., that the actors are free to choose the degree of institutionalization and commitment they desire, seeks to ascertain which European solutions to cooperation problems and which institutional structures, if any, may be copied or adapted. Based on previous research of European institutional developments (both by the author and others), the study postulates that there will be package deals on a case-by-case basis and that, in the long run, East Asians will "embed" existing institutions into regional, sub-regional, and maybe even trans-regional

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[5] China, of course, has refused to rule out the use of force to subordinate Taiwan.

ones to avoid sole dependence on the "American hub and spokes network of bilateral alliances in Asia" (Cha 2003: 108). It is also conceivable that the U.S. might play the role of guarantor in a multilateral non-aggression structure, at least in the short to medium term.

Caveat: Asia is NOT Europe

As Friedberg (1993/94: 7) correctly emphasizes, "what is true of Europe may not be true for other parts of the world." In Europe, he insists, there are various factors (democratic governments; equality; dense web of institutions, etc.) that mitigate instability, whereas in Asia, "many of these same soothing forces are either absent or of dubious strength and permanence" (ibid). France and Germany used to care about Alsace/Lorraine but, we are told (Friedberg 1993/94: 16-18), have long since moved beyond these differences. Not so in East Asia. Rather than to "converg[e] on a single, shared interpretation of their recent past, the Asian powers show signs of divergence, each constructing a history that serves its own national purposes (ibid, p. 18). And, to make matters worse, there is the timing of institutionalization. In Europe this process occurred soon after World War II and continues to this day, whereas the East Asians got a much later start (ibid. p. 22).

Kang (2003) could not agree more with Friedberg's assessment. "Because Europe was so important for so long a period, in seeking to understand international relations," Kang (2003: 58) laments, "scholars have often simply deployed concepts, theories, and experiences derived from the European experience to project onto and explain Asia," a practice he finds "problematic at best." "Eurocentric ideas," in his mind seem to have obfuscated rather than aided our understanding of Asian alliance behavior in that they have "yielded several mistaken conclusions and predictions."

And yet, there are parallels between Europe and Asia. Case in point the Franco/German versus the Sino/Japanese axis. Just because China and Japan have not "begun to deal with their poisoned historical relations" (Kaiser 2006: 90), this does not imply that they could not learn from France and Germany's behavior in the aftermath of World War II. In fact, it is nonsensical to assume that Asia would discount valuable insights to be gained from the European experience, begin from scratch when it comes to institution-building and, so to speak, "reinvent the wheel."

As Kaiser (2006: 90) makes clear, European history does provide important lessons for Sino-Japanese relations, particularly when it comes to "dealing with the past and the question of guilt, nationalism, integration and political leadership." He, for instance, explains that, although Japanese officials repeatedly have asked their neighbors for forgiveness for Japanese atrocities, these acts did not achieve the desired results, "because they were not fully internalized by Japanese society as a whole" (ibid, p. 91-2). Kaiser then outlines

a number of steps (issuance of formal apology, monetary compensation, preservation of memory, creation of trust, etc.) that were essential in bringing about reconciliation between Germany and its neighbors and, in his mind, are applicable to Sino-Japanese relations. These steps, along with other literatures on reconciliation, will be scrutinized in greater detail below, following a brief discussion of European institution-building.

Europe's Institutional History in a Nutshell[6]

The defeat of Germany and Japan at the end of World War II left a tremendous vacuum to the west and east of the Soviet Union and the United Kingdom, France, and the United States were not at all sure how the USSR would react to this change. Would the Soviet Union cooperate with the United States and allow for free elections in Poland and the rest of Eastern Europe as indicated at Yalta, or would it pursue an expansionist policy and thereby pose a threat to the security of independent countries?

   As history texts (Black et. al. 1992; Ray 1992; Keylor 1992; Kaplan 1999) make abundantly clear, due to the imposition of Soviet puppet governments in some of the East European countries, as well as the immense military imbalance between the Soviet Union and the western world, by 1946, the West Europeans already felt threatened by the Soviet Union and some, foremost among them France, additionally feared a resurgent Germany. To enhance their security these countries solicited U.S. support, promoted greater cooperation among themselves and, very importantly, sought to integrate Germany in international institutions to contain its power once and for all. Thus, over the course of more than half a century, the West Europeans gave rise to numerous cooperative arrangements with varying memberships and varying degrees of structural commitment which, since the end of the Cold War, many East European countries joined. Or, in other words, the Europeans, gradually, built a complex web of governance to enhance their security and promote stability and prosperity.

   Perceiving a dual threat, the West Europeans had different security needs in the early post-1945 period than the U.S., which largely viewed the Soviet Union as posing a political threat to international peace. This explains why the former acted first to improve their security. In early 1947 British foreign minister Ernest Bevin took a decisive step to coordinate a West European defense system by offering a treaty to France. In his mind such a treaty should not only win French support by promising British assistance in the event of renewed German aggression, but also decrease the uncertainty regarding French behavior by

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[6] Over the course of many centuries Europe experienced periods of great upheaval as well as prolonged peace. Throughout, institutions had been created some of which survived and others fell by the way side. For the purposes of this paper it suffices to begin the analysis of Europe's institutional developments in the post-1945 period. The following section draws on Weber (2000) chapters 5 and 6.

pulling France away from the USSR. This two-fold objective required that the text of an Anglo-French alliance would be worded carefully so as not to antagonize the USSR any further (give it the impression that it could be directed against it) or seriously offend Germany (since the latter eventually might have to be included in a Western security system). After drawn-out deliberations, on March 4, 1947, a Treaty of Alliance and Mutual Assistance was finally signed at Dunkirk, in the form of an old-fashioned military alliance.

Only days after Dunkirk, the American position began to change. U.S. decision-makers started to attribute recent unrest in Greece and Turkey to Soviet infiltration attempts and therefore persuaded President Truman to take action to stop Soviet influence from spreading. On March 12, 1947, the American president (in what became known as the Truman Doctrine) asked Congress for direct financial aid to support free peoples who are susceptible to pressure from the Soviets or pressure from domestic Communist movements. And, as a further safeguard against Soviet infiltration, U.S. Secretary of State George Marshall, on June 5, 1947, introduced a plan (Marshall Plan) to aid European economic recovery via massive U.S. financial assistance.

Still viewing the Soviet threat as political in nature, however, the U.S. was determined to avoid "entangling alliances" and made clear to the West Europeans that they would have to demonstrate their willingness to engage in self-help before any further U.S. commitment would be discussed. Again, Bevin took the lead and, on January 22, 1948, called for the creation of a Western union. A series of worrisome incidents in early 1948 (the Communist takeover of the government in Prague; a telegram by General Clay from Berlin warning that war "could come with dramatic suddenness"; rumors about a Soviet-Norwegian nonaggression pact; talk that Denmark feared an armed invasion by the USSR) underlined the need for greater security cooperation and, on March 17, 1948, led to the signing of the Brussels Treaty in which the United Kingdom, France, and the Benelux countries vowed to build a common defense system and to strengthen economic and cultural ties.

Since the Europeans now had fulfilled their end of the bargain, Truman gave permission to start secret North Atlantic Treaty (NAT) talks with the UK and Canada. While the negotiating parties were discussing several versions of a pledge with varying degrees of commitment, the Soviets, feeling provoked by western occupation policies in Berlin, responded with a partial, and soon thereafter full, blockade of the city. The United Kingdom initiated an airlift (which the U.S. later joined) and, on September 27, the defense ministers of the Brussels Treaty powers decided to create a Western Union Defense Organization as a first step to a larger association that the United States should join. At the same time, NAT talks were progressing and, on April 4, 1949, Belgium, Canada, Denmark, France, Iceland, Italy, Luxembourg, the Netherlands, Norway, Portugal, the United Kingdom, and the U.S. signed the North Atlantic Treaty. Within a year of its creation, NATO became much superior to traditional military

coalitions and, through a high level of integration, a unified command, joint planning, and combined military training, set itself apart from most previous military arrangements.

Although, on May 9, 1949, the USSR lifted its blockade on Berlin, improved East-West relations did not follow. On the contrary, on September 23, President Truman announced the detection of an atomic explosion in the Soviet Union and responded by signing a Mutual Defense Assistance Act to facilitate cooperation among the Western allies. Then, on June 25, 1950, North Korea attacked South Korea. Convinced that the Korean War was initiated by the USSR, and that it might even be a "dress-rehearsal" for Europe, the Western powers grew anxious about their serious military inferiority vis-à-vis the USSR and began to discuss German rearmament.

Terrified by the increase in Soviet belligerence and deeply troubled by the prospect of a remilitarized Germany, in the fall of 1950 France called for the founding of a European army in which the contingents of the members (including Germany) "would be incorporated…on the level of the smallest possible unit."[7] That is, fearing that Germany could become militant again and act opportunistically, France sought to contain Germany through integration and control. Initially opposed by other countries (the U.S., the UK, and the Benelux countries preferred to integrate Germany in NATO), the proposal for a European Army--also known as the European Defense Community (EDC)--was eventually accepted by them only to be rejected finally by the French themselves. Following Stalin's death on March 5, 1953, and the signing of the Korean armistice on July 23, 1953, many French perceived a reduction in Soviet threat and thus, on August 29, 1954, the French National Assembly voted against the ratification of the EDC and made its demise official. The result of four years of security debates was a strengthened NATO, i.e., agreement was reached that the Western European Union (WEU) would be restored within NATO, that Germany would join the WEU and hence, become a member of NATO.

At about the same time an EDC was being discussed, two Frenchmen, Jean Monnet (a businessman) and Robert Schuman (foreign minister), in consultation with West German Chancellor Konrad Adenauer, proposed to bring the coal and steel industries of France and Germany under one interstate organization with significant supranational characteristics. Other countries were invited to join and on April 18, 1951, France, West-Germany, the Benelux countries, and Italy signed the Treaty of Paris, creating the European Coal and Steel Community (ECSC). Although bringing about a Free Trade Area for basic materials such as coal, coke, iron, ore and steel would yield economic benefits, the main purpose of the ECSC was to tackle the French-German problem and "make war between France and Germany 'not merely unthinkable, but materially impossible'" (McCormick 1999: 66).

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[7] C. G. D. Onslow, "West German Rearmament," p. 467.

By ratifying the ECSC Treaty in August 1952 each member state declared its willingness to curtail its sovereignty voluntarily by delegating some aspects of its autonomy to a "High Authority" and, thus, started a long process of institution-building that led to the creation of a sophisticated structural arrangement which, with the signing of the Maastricht Treaty in 1992, became known as the European Union (EU). Without a doubt, the EU represents one of the most complex experiments in regional integration since the advent of the modern nation state in the 17th century and, over five decades, not only increased its competencies significantly, but also expanded its membership from six to 27 member states. Since this process is well documented (Lewis 1993; Dinan 1994; McCormick 1999; Nugent 1999), it here suffices to draw attention to the main developments on the road toward greater integration.

As has already been seen in the case of the European Army, integration efforts suffered setbacks but, each time, proponents of a united Europe "relaunched" the European idea (McCormick 1999: 68). When the failure of the EDC, for instance, made clear that greater integration in the security realm could not be achieved at the time, the foreign ministers of the ECSC countries met at Messina in June 1955 to discuss further economic cooperation. These negotiations culminated in the signing of the Treaties of Rome on March 25, 1957, in which the ECSC countries brought about a European Economic Community (EEC) and a European Atomic Energy Community (Euratom). In the coming years the signatories of the EEC sought to bring about a Common Market and to harmonize their economic policies. By 1973 they achieved a Customs Union, i.e., removed internal tariffs and set common external tariffs. Since non-tariff barriers continued to exist, in April 1985, the Commission produced a White Paper identifying roughly 300 measures that would have to be taken to get rid off the remaining obstacles to trade. Moreover, a European Council meeting in December 1991 called for economic and monetary union, a common foreign and security policy, the abolition of frontier controls, and a common immigration policy. As these Maastricht objectives (so called since they were signed by the member states at Maastricht on February 7, 1992), are being implemented (adoption of the Euro; creation of a European Rapid Reaction Force; signing of the Schengen Agreement, etc.), the EU is moving closer toward a "United States of Europe."

It is therefore fair to suggest that, since the signing of the Treaty of Paris that gave rise to the ECSC, the Europeans have come a long ways with their deepening process. In a little more than 50 years they have moved from a free trade area to a customs union to a common market with a common currency, and have discussed the further curtailment of their freedom of action in the context of a Common Foreign and Security Policy, a European Security and Defense Policy, Europol, etc. It furthermore needs to be stressed that integration took place at varying speeds where those EU member states that were ready to move

forward did so, while allowing others to exempt themselves from policies that they were not yet ready to adopt.[8]

At the same time, through a host of accession treaties, the Europe of Six has now grown to an EU of 27. Since membership is unlikely to be extended much further (Turkey and some of the former Yugoslav Republics may join some time in the future) the EU is now also in the process of figuring out what institutional arrangements it should seek with its new neighbors—countries like Ukraine, Moldova, Armenia, Azerbaijan, and Georgia, but also Southern Mediterranean countries like Algeria, Egypt, Israel, Jordan, Lebanon, Libya, Morocco, Palestine Authority, Syria, and Tunisia.[9]

Finally, one needs to keep in mind that the EU does not operate in a vacuum. In the security realm, ever since its founding in 1949, NATO has played an important role in stabilizing the European continent and continues to do so. Like the EU, the North Atlantic Treaty Organization has experienced its ups (new members; various partnerships) and downs (France pulling out of SHAPE in the 1960s; the failure of the Multilateral Force) and has come a long ways in institu- tionalizing both cooperation among its members and with its partners (PfP; EAPC; NATO-Russia Founding Act; NATO-Ukraine Charter; Mediterranean Dialogue, etc). One further international organization that helps promote peace in Europe is the Organization for Security and Cooperation in Europe (OSCE— formerly known as the CSCE) which, since the signing of the Helsinki Accord in 1973, has taken a particular interest in human rights issues. Then there is also the Council of Europe (where Heads of State exchange ideas), the United Nations (UN), and, until recently, when it became absorbed by the EU, there was the Western European Union (WEU).   Thus, what we see in Europe are multiple institutional arrangements with varying memberships alongside each other and varying degrees of structural commitment collectively comprising a complex web of governance to promote stability and prosperity.

Mini Case Study: Japan

Historical Legacies

As Jansen (2002: 512) makes clear, "[t]hroughout history Japan's stability had been related to that of China."   The problem of China, specifically "China- centrism," was of utmost importance. Since China viewed itself as "the cultural center of the universe and …all non-Chinese [as] 'uncivilized' barbarians," and insisted on the "preeminence of the Middle Kingdom and a tributary system of

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[8] See the UK and Denmark who exempted themselves from the Euro zone.

[9] For a closer look at the EU's relations with its "New Neighborhood," see Weber, Smith, and Baun, eds. (forthcoming).

foreign relations" (Vohra 2000: 24), Japan-China relations for centuries were characterized by the threat of invasion and warfare.

Particularly damaging for Asian relations was the Sino-Japanese war in 1895. For China, according to Vohra (2000: 66), this war meant "[a] crippling defeat at the hands of the 'dwarf' Asian barbarians, who had historically been looked down on as vastly inferior to the [Chinese]." Not surprisingly, therefore, China a year later signed a secret defense treaty with Russia but, ultimately, could not prevent its territory from becoming divided into "spheres of influence" by foreign powers (Vohra 2000: 81).

The image of Japan by its neighbors suffered further and, as Jansen (2002: 515) argues, "lasting damage" as a result of Japan's actions during World War I (which Japan was committed to join to make good on its alliance with the United Kingdom) and its aftermath. Rather than to return bases it had seized from Germany to China at the end of the war, Japan elected to keep these holdings in its possession for a number of years. And although the Kellogg-Briand Pact (of which Japan was one of the original 15 signatories), by "renounc[ing] war as an instrument of national policy," may have given Japan's neighbors some hope that the country may be turning over a new leaf, all hope was shattered in the early 1930s when Japan decided to conquer Manchuria to develop a resource base to prepare for war with the USSR (Jansen 2002: 527, 580). Fearing the Soviet Union and communism, in November 1936 Japan signed the Anti-Comintern Pact with Germany. Shortly thereafter, Japan began to encroach on China's northern provinces and, in July 1937, was at war with China that lasted until the US defeated Japan in 1945. Korea, which had come under Japanese rule in 1894 when the Chinese lost their influence over Seoul, likewise, was not liberated until 1945.

What needs to be understood is that the atrocities committed by the Japanese against the Koreans (discussed elsewhere) and the Chinese, to this day, cause hatred and suspicion. Particularly gruesome—and thus still an issue in Sino-Japanese relations today--was the fall of Nanking (Nanjing) to Japanese armies in December 1937. In what came to be known as the "Rape of Nanjing," victorious troops committed unspeakable crimes "against a totally unarmed and helpless civilian population and disarmed prisoners-of-war."…[A]t least "20,000 women were raped once or repeatedly…and many thousands of men, women and children, and POWs were ruthlessly butchered."…"Within only six weeks after the fall of Nanjing the Japanese military apparatus ha[d] slaughtered more than 340,000 Chinese POWs and civilians" (Vohra 2000: 164). Prisoners were systematically mistreated and the disclosure by Korean and Chinese "comfort women" demanding restitution became a big problem for Japan in the 1990s (Jansen 2002: 656) and continues to this day.

Contrary to what happened in Europe where shared history helped to promote reconciliation, the steps taken thus far by China and Japan (war crimes trials, postwar reparations, peace treaty) have been "flawed and incomplete"

(Rose 2005, 11). Hence the history problem resurfaces and, as Vohra (2000: 299) points out, in practically every top-level meeting the Chinese admonish their Japanese counterparts never to forget Japan's wartime record. Although some Chinese believe that Japan has apologized enough (Rose 2005, 108), most Chinese feel strongly that Japan has to come to terms with its past and "face up to history" to aid in the normalization of relations between the two countries. As long as "a sizeable segment of the population feels little remorse and vehemently opposes any apology" (Kristof 1998: 39), "conservative elements in Japan…ma[ke] frequent efforts to deny the history of Japanese aggression" (Wu 2000: 297), numerous Japanese continue to believe that their country's "purpose for invading its neighbors was…entirely noble" (freeing them from Western colonizers), and "cabinet ministers march to the Yasukuni Shrine" (Kristof 1998: 40), China's resentment and mistrust of Japan is unlikely to diminish. Until serious change comes about, the Chinese can be expected to maximize their political utility by playing the "history card."[10]

Does this mean that the prospects for improved Sino-Japanese relations are slim? Not necessarily. A significant number of Japanese and Chinese people appear to be ready to move on, confront and transcend the past, and work toward a better, more cooperative future. Assuming that the time has come to tackle the vexing problem of war guilt before further "apology fatigue" on the part of Japan (Green 1999: 158) creates additional obstacles, what concrete steps should East Asia take to transcend this significant hurdle that stands in the way of greater cooperation?

Here, the paper argues, European history can provide useful lessons for East Asia. Clearly, Europeans have come a long way from the dark days of World War II. They managed to deal with the past, make amends, and reestablish trust by giving rise to supranational institutions, thereby "forging new identities that extend beyond traditional ethnic and national boundaries" (Lebow 2006: 4). As will be discussed below, over the course of several decades, the Federal Republic of Germany (FRG) and, since 1990, a unified Germany, undertook a variety of steps to confront its past, reach out to those who were harmed so gravely during the Nazi regime, and pledged never to commit such crimes again. As members of the nation in whose name atrocities were committed most Germans understand their responsibility to guard against the possibility of repetition and, no longer being the actual perpetrators of these crimes, they also appear to be reformulating their identity (Barkan and Karn 2006: 10).

In the following section the paper examines three crucial elements of reconciliation: (1) remembrance/truth seeking; (2) restitution/justice; and (3)

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[10] Note that there is a large literature that argues that China uses Japan's historical legacy to enhance its own domestic legitimacy. See, for instance, Shambaugh 1996, Rose 1998, and Zhao 2000.

apology/settling the past.[11]   Comparing various steps taken by Germany and Japan in settling their historical legacies, the paper makes clear why the latter thus far has been unable to successfully transcend its past.

Remembrance/Truth Seeking

As Rose (2005: 2) points out, there have been very different interpretations of the events of 1931-1945 in China and Japan (as well as within Japan) and Japanese national memory, for several decades, has been a significant stumbling block for improved relations with Japan's neighbors.   World War II from Japan's perspective (also known as the "Great East Asian War" or the "Pacific War") was viewed as "freeing Asia from the oppressive domination of the West" (Jansen 2002: 626). Since the Chinese were weak and had allowed themselves to become enslaved by the West, Japan, thinking of East Asia in terms of a "single house," had the duty to "liberate" China (Vohra 2000: 161). At the same time, Japan portrayed itself as the victim of nuclear attacks, rather than aggressor.

During the Tokyo trials the suffering of Chinese and other Asian victims. ('comfort women,' forced laborers, victims of biological experiments) was completely ignored (Rose 2005: 36). The trials not only failed to bring about justice, but led to what many scholars have termed Japan's "collective amnesia" for 40 years (Rose 2005: 37).

To make matters worse, the content of Japanese history textbooks ever since the Ministry of Education obtained the authority to screen them in 1953 has been highly controversial.   Encouraged to adopt a "patriotic tone," and to "soften…Japan's excesses during World War II," authors speak of "self-defense," "liberation," and label the Nanjing massacre a "fabrication" (Ienaga 1996: 332). The most recent revision of high school textbooks that caused a stir centers around the Imperial Army's responsibility in the Battle of Okinawa. Instead of acknowledging the Army's role in ordering civilians to commit mass suicide in the final weeks of WW II, the textbooks now merely state that "mass killings and suicides took place among the residents" (Financial Times April 2, 2007: 6). This "biased historiography," time and again has led to calls by Chinese and other Asian victims for factual accuracy (Ienaga 1996: 348).[12]

In Germany there were the Nuremberg trials (1945-46), followed later by the Eichmann (1961) and Auschwitz (1963-65) trials, but Germans, for the most part, tried to come to terms with their past in post-war debates about the Nazi period and the Holocaust (*Vergangenheitsbewaeltigung*) which occurred in distinct stages. As Kansteiner (2006: 108) explains, in the 1950s the FRG experienced a period of "communicative silence" about the burden of the past.   More

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[11] For an in depth study on Sino-Japanese relations which uses these three elements of reconciliation, see Rose 2005.

[12] For a detailed discussion of the textbook issue see Rose 2005 chapter 3.

concretely, "the consequences of war and 'war crimes' were acknowledged by the new political elites[13] in their dealings with their Allied supervisors, but not necessarily in communications with the German population" (ibid). In 1959 the appearance of anti-Semitic graffiti caused the German government to introduce educational reforms and, in the 1960s, a group of Germans who had belonged to the Hitler Youth—but who had been too young to have been involved in any crimes—became more vocal and sought to bring about further changes in the educational system (Kansteiner 2006: 112).

Moreover, German historians wrote "world-renowned" histories on the Holocaust and, aside from unearthing the historical facts, encouraged Germany to confront its past (Bindenagel 2006: 306). Since Germany cannot escape its historical legacy, German politicians reminded German citizens time and again, they have to deal with it squarely. In a speech on May 8, 1985, the 40th anniversary of the end of World War II, German President Richard von Weizsaecker stressed: "All of us, whether guilty or not, whether old or young, must accept the past. We are all affected by its consequences and held responsible for it" (Bindenagel 2006: 290).

In the 1970s, the student movement assured that discussions of personal guilt would not be dodged. It was important that a "clear distinction be made between those who committed crimes and the nation they came from" (Kaiser 2006: 92). Since guilt is individual rather than collective, one needs to differentiate guilty perpetrators and their descendants. Although the latter hold responsibility for the future, Kaiser (2006: 93) makes clear, they are absolved from responsibility for the past. To guard against the possibility of repetition, the German government decreed that it is a crime to deny the Holocaust, endorses full archival openness to make sure information relating to Germany's dark past will not be distorted, and continues to work hard to create new relationships of trust. Projects on common history textbooks are on-going, and town partnerships, youth and teacher exchange programs--created decades ago to combat the revival of nationalism--are still going strong.

Restitution/Justice

Under the Potsdam declaration, the Allied powers decided that Japan would have to hand over assets and capital which would then be dispersed as reparations.

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[13] Katzenstein (2005: 86-7) explains that the political class in Germany after 1945 was recruited from democratic parties during the Weimar Republic and therefore largely consisted of people who had been imprisoned or in exile during the Nazi dictatorship. These people had an interest in talking about Germany's "problematic past" and wanted the history books to reflect adequately what had happened during the Nazi period. In Japan, on the other hand, the political class remained largely unchanged after the war, "except for the very top leadership," and the government therefore favored "textbooks that expressed a strong, nationalist historiography."

Between January 1948 and September 1949 China received $22.5 million worth of machinery and equipment and $18.1 million-worth of stolen goods were returned to China (Rose 2005: 42). As Cold War tensions began to intensify, however, the U.S. government recommended to forgive reparations for fear of weakening Japan. In a Peace Treaty with Japan in 1952 Taiwan agreed to waive reparations and, in 1972, the People's Republic of China followed suit in a Joint Statement signed with Japan.

Although, as Rose (2005: 5) demonstrates, this left the door open for civil compensation, to this day, only a small number of Chinese victims have received compensation. In general, the success rate appears to be better if a complaint is directed against a company, rather than a government, but even then a variety of criteria need to be met (claims must be in the hands of legislators rather than the judiciary; claims must be supported by a large group; claims must have merit, etc.) "for civil redress to be successful" (Brooks 1999 quoted in Rose 2005: 77-78). Most cases are dismissed and, typically, judges either argue "that compensation claims were settled under international law, … that under the Meiji constitution the Japanese state cannot be held liable, or that the twenty-year statute of limitations makes the claims invalid" (ibid 96).

Whereas victims of Japanese atrocities have not fared very well when it comes to restitution, victims of the Nazi regime, comparatively, have done much better in their search for justice. In 1947 U.S. occupation authorities launched the first German restitution and compensation programs and some of these are aiding Holocaust survivors to this day. According to Bindenagel (2006: 294) the compensation programs provided by the FRG "were quite extensive" with the government paying "over $70 billion … directly to victims." Also, in the 1990s, Germany launched a "$700 million humanitarian effort" to aid victims of Nazi atrocities in Eastern Europe. Negotiations among German business leaders, politicians, and victims of Nazi slave labor conducted between 1999 and 2000 led to a $5 billion settlement (Bindenagel 2006: 301) which was widely perceived as just. And, just this March, KarstadtQuelle agreed to pay $117 million to the Conference on Jewish Material Claims Against Germany which had filed suit on behalf of the Wertheim family who—being Jewish--had lost its property in the late 1930s to the Nazis (New York Times March 31st, 2007, B3).

Apology/Settling the Past

Clearly, since the end of World War II, the Japanese government has issued numerous apologies for its conduct during the war, but, to this day, these apologies have not achieved the desired effect, i.e., improved Japan's relations with its neighbors considerably. Why is this the case?

As Rose (2005: 19) suggests, for an apology to be effective certain criteria must be met: "it must be offered with the backing and authority of the collective so that the apology is official and binding; it must be made publicly and on the

record; and it should acknowledge the violation, accept responsibility, and indicate that there will be no repetition of such acts in future." Moreover, reciprocity may be a must since each time an outstretched hand is not seized a further opportunity is lost (Kaiser 2006: 92).[14]

In any event, an apology must be "meaningful" (Kristof 1998: 38), "genuine," "sincere," and "backed by actions" (Rose 2005: 100). Over the course of several decades, Japan repeatedly has expressed "regret," "keen responsibility for the suffering it has caused," "remorse," "sincere remorse," "genuine contrition and deepest apologies" (Rose 2005: 101), but none of the apologies issued to date has been accepted by the majority of Chinese people. During a visit to Tokyo at the end of 1998, for instance, Jiang Zemin "pressed for a formal 'apology' (owabi) and 'remorse' (hansei)," but, as Green (1999: 158-9) explains, only got hansei.[15] Similarly, apologizing to former 'comfort women' in Korea in 1993, the Japanese government acknowledged "moral" but not "legal" responsibility (Rose 2005: 71).

To make matters worse, many Japanese Prime Ministers have insisted on visiting the Yasukuni Shrine. Obviously, Japanese citizens should be allowed to honor their war dead. Ever since Class A (leading) war criminals were enshrined at Yasukuni in 1978, however, any visit there by a Japanese Prime Minister represents a "political act of state recognition of the[se] souls" (Takahashi 2006: 156). The crux of the matter, as Takahashi (2006: 175) explains, is that tens of thousands of Taiwanese and Koreans, who had been drafted into the Japanese military during the Asia-Pacific War, are also enshrined at Yasukuni. These "victims of colonial rule by Japan [were enshrined] in precisely the same way as Japanese people who died perpetrating the colonial rule…as 'gods who defended the nation.' For the bereaved families…who suffered colonial rule, this is an insult" (ibid), and they therefore undertook legal proceedings to remove their relatives from enshrinement, but to no avail.[16]

There are at least two ways in which the Japanese government could defuse this politically charged situation. On the one hand, it could decide to create a politically "neutral" war memorial that would make no reference to Japan's war criminals (Rose 2005: 125). Alternatively, Japanese Prime Ministers could "leave the commemoration and mourning of the souls enshrined at Yasukuni up to the priests at the shrine," even if that would mean jeopardizing some domestic votes (Takahashi 2006: 157).

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[14] For studies that argue that an apology does not require reciprocity, in fact, may be more effective unilaterally, see Long and Brecke 2003:26; and Suzuki 2007: 6.

[15] It is important to understand that there are different levels of apology in the Japanese language and that the exact wording chosen is crucial.

[16] Priest Ikeda rationalizes the refusal to remove the souls by arguing that "at the time when they died they were Japanese, so it is not possible for them to stop being Japanese after they died" (Takahashi 2006: 176). As Takahashi is quick to point out, however, this completely ignores the fact that "the[se] people were semi-forcibly drafted into the war."

An analysis of apologies made by the German government to come to terms with the Nazi past shows that Germany has been much more successful in moving beyond this dark chapter in its history. This, as Kaiser (2006: 91) makes clear, in large part, is due to the fact that the Germans recognized that "the acceptance of guilt in the past must not only be open and public, but, in order to be truly meaningful and effective, it must generate a formal apology." Case in point, former German Chancellor Willy Brandt's reconciliation with the East. While visiting the Warsaw Ghetto Monument in 1970, Brandt spontaneously fell to his knees, "[doing]", as he later explained in his memoirs, "what human beings do when speech fails them" (cited in Teitel 2006: 105). This "executive apology" was then followed by the signing of the Warsaw Treaty.

As part of the 1999-2000 settlement among German business leaders, politicians, and victims of Nazi slave labor mentioned above, German President Johannes Rau offered a similar apology, "emphasizing acknowledgement and repentance rather than money" (Barkan and Karn 2006: 23). Rau told his audience, which included Holocaust survivors: "I know that for many it is not really the money that matters. What they want is for their suffering to be recognized as suffering and for the injustice done to them to be named injustice. I pay tribute to all those who were subjected to slave and forced labor under German rule, and, in the name of the German people, beg forgiveness. We will not forget their suffering" (reprinted in Barkan and Karn 2006: 24).[17]

So then what lessons can Japan draw from the European experience? "In the best cases," as Barkan and Karn (2006:7) stress, "the negotiation of apology works to promote dialogue, tolerance, and cooperation between groups knitted together uncomfortably (or ripped asunder) by some past injustice. … [An] apology can create a new framework in which groups may rehearse their past(s) and reconsider the present." To the extent that apologies can "amend the past" (ibid. 8), their psychological value is immense. Germany seems to fit this "best case" scenario. Having addressed its historical legacies and "by building a new, shared identity with former enemies," Germany, in Lebow's mind, has been able to "transcend, at least in part, [its] Germanness" (2006: 30). Moreover, given that an "apology becomes an act of rehabilitation for the perpetrators and their descendants" (Barkan and Karn 2006: 17), "atoning for the war," as Kristof (1998: 44) points out, "would not only liberate Japan's neighbors; it would also free Japan itself."[18] Both of these developments, it seems, should enhance the prospects of future Sino-Japanese cooperation.

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[17] To live up to this pledge, the German government regularly provides money to education programs and memorials (Bindenagel 2006: 294).

[18] For an interesting study that advocates an apology as a new strategy, see Suzuki (2007: 5-7). He argues that Japan, as a democracy, has "greater political space…to debate and forward alternative interpretations of history." With time, an apology may lead to "collective identity transformations," and help to "de-securitise" China's identity.

Japan's Threat Assessment

North Korea, as Saunders (2004: 150) makes clear, is the most immediate threat to Japan. "[F]ollowing years of provocative probing of Japanese sea and air defense perimeters by North Korean gunboats and fighter aircraft, admitted development of nuclear weapons, kidnappings of Japanese citizens, relentless espionage, …the 1998 launch of a ballistic missile over Japan" (ibid.), and the most recent atomic test by North Korea, it is not surprising that Japan seeks ballistic missile defense (BMD) (Kliman 2006: 2).

Aside from North Korea, the problem of China persists. "[T]hroughout the post-war period, Japan…[has] maintained a policy of constructive engagement toward Beijing" (Green 1999: 152), but continues to remain troubled by the uncertainty regarding China's future behavior. It is thus strategic instability that is believed to be the main enemy—"the lack of transparency in the intentions and strategic thinking of Beijing" (Lee 1997: 252)—rather than the fear of an imminent attack.

Japan is well aware of the fact that "China has from time to time behaved in ways offensive to the rest of the world…[and] shown its willingness to use force to settle disputes, even when its own territory [was] not under attack" (China's incursion into Vietnam in 1979, or its entering the Korean War) (Roy 1994: 156). And, most recently, China stunned the world by shooting down a satellite in outer space.

By and large, however, Japan, like many of its neighbors, is cautiously optimistic when it comes to China. Unlike "a few years ago, [when] many of China's neighbors voiced growing concerns about the possibility of China becoming a domineering regional hegemon and powerful military threat," Shambaugh (2004/05: 64) explains, "most nations in the region now see China as a good neighbor…and a non-threatening regional power."

This is not to say that "Japan does [not] harbor concerns over improvements to China's military capabilities, especially its nuclear and missile prowess" (Wu 2000: 305). It does worry about developments such as China's nuclear weapons test in 1995, or the Taiwan Strait crisis in 1996, and therefore pursues the development of theater missile defense (TMD)--which it may also need to protect itself against North Korean ballistic missiles (Garrett and Glaser 1997: 393). Particularly vexing to Japan are the many ways in which the People's Liberation Army (PLA) has sought to shore up its military capabilities vis-à-vis Taiwan: the "deployment of approximately 600 short-range ballistic missiles opposite Taiwan…; the deployment of large numbers of attack fighters opposite Taiwan; the buildup of surface ships, submarines, and amphibious landing craft within range of Taiwan; periodic large-scale military exercises around Taiwan; and the refusal to forswear the possible use of force against Taiwan" (Shambaugh 2004: 86). "If the PRC [People's Republic of China] chose to blockade Taiwan or a military conflict across the Strait turned out to be a protracted one," Wu (2000:

305) claims, "Japan's lines of communication through the channel would be jeopardized." And yet it deserves to be stressed again that it is not the large military expenditures that make China's neighbors uneasy but the anxiety stemming from the significant uncertainty concerning Chinese intentions.

But there are also outright pessimists. Roy (1994: 149), for instance, argues that "a prosperous Chinese economy…would give China the capability to challenge Japan for domination of East Asia." "If China's economic power continues to grow rapidly relative to Japan's," he insists (1994: 165), "serious political tensions between China and Japan are certain, and military conflict is likely." Or, put differently, power politics pretty much would dictate an economically stronger China to start acting like a major power—"bolder, more demanding, and less inclined to cooperate with the other major powers in the region" (ibid. 160). Solomon and Drennan (2001: 231), paint an equally bleak picture suggesting that, "[a]s we enter the twenty-first century, Asia's security environment seems likely to be shaped by the distrust, if not rivalry, between China and Japan."

To make things worse, China with an "authoritarian and unstable government…is more likely to use force in pursuit of its goals" (Roy 1994: 160), and "fac[ing] less resistance than Japan to building a superpower-sized military…may provoke a military buildup by Japan, plunging Asia into a new cold war" (ibid. 150). Glaser (1993: 271), similarly, discusses the possibility of an increasingly powerful China causing a regional arms race due to the security dilemma. It is therefore imperative, according to Solomon and Drennan (2001: 232), to keep the US involved in East Asian politics. "Without the forward US military presence (i.e., the stationing of US military personnel in South Korea and Japan), these scholars suggest, "a resurgent rivalry between China and Japan" may not be avoidable and could easily lead to Japan's remilitarization.

At the same time it is understood that a fragile China, one that might experience significant domestic conflict and even disintegrate, also is not in East Asia's best interest. On the contrary, an impoverished and unstable China would also be worrisome, since in this scenario Japan would have to deal with millions of refugees (Wu 2000: 307).

Institution-Building in East Asia

Given the history of the region, East Asians are sensitive to infringements on their sovereignty and reluctant to curtail their freedom of action. When they do agree to cooperate in the context of international organizations, they insist on consensus decision- making--as in ASEAN and the ASEAN Regional Forum (ARF) which will be discussed in more detail below--to protect their sovereignty (Simon 2001: 3).

To the extent possible, East Asian countries, much like others, and as predicted by neorealists, seek to engage in self-help. Since cooperation leaves a

country vulnerable to opportunistic behavior on the part of its allies, the country can be expected to do everything in its power to enhance its security before relying on others. Japan, for instance, although its autonomy for a number of years was significantly constrained by systemic forces as a result of World War II, gradually improved its capabilities by modifying Article 9 and allowing its Self-Defense Forces to evolve. According to Kliman (2006: 67) this trend is likely to continue "as normative constraints on Japan's defense policy weaken."

Yet, "[i]n light of Japan's traditional problems with China, Korea and Russia, … possible repercussions for the security of sea lanes as a result of China's territorial claims in the South China Sea and the East China Sea" (Lee 1997: 257), and continuing military constraints (no nuclear weapons; military export restrictions), self-help is clearly insufficient to assure Japan's security. Instead it is essential for Japan to retain close ties with the US, to share the defense burden and thereby enhance the chances of US troops remaining stationed in the country, and prolong the security alliance with the US indefinitely. As Cha (2003: 108) demonstrates, ever since the end of World War II it was bilateralism that helped promote peace in the region. Specifically, the American "hub and spokes network of bilateral alliances" (ibid.) deserves credit for bringing stability to East Asia.[19]

Presently, the "hub and spokes model" consisting of five bilateral alliances between the US and Australia, Japan, South Korea, the Philippines, and Thailand predominates. But is it wise to put all of one's eggs in one basket, that is, solely rely on bilateralism? Cha (2003: 111) seems to think so, arguing that multilateral arrangements offer little security beyond what the existing alliances already provide, would only restrict maneuverability and thus add little value. Betts (1993/94), on the other hand, considers too heavy a reliance on the US dangerous. Even though "[t]he United States remains formally committed to a strategic role in the Pacific," he explains (1993/94: 51), "its military presence has…been attenuated as the flag has come down from Philippine bases, land- and sea-based tactical nuclear weapons have been removed, and defense budgets cuts trim the number of forces regularly on station elsewhere in the neighborhood."

Shambaugh (2004/05:95), much like Cha, acknowledges the importance of bilateralism and the crucial role of the US in shoring up East Asian security, yet advocates for Japan to develop broader security ties and predicts the emergence of a "multitextured and multilayered regional system." As has become apparent in the European case, there are numerous forms of institutions with varying memberships, levels of commitment, etc., to choose from. Thus, in the following, several institutional arrangements that have been discussed in the European context, and/or have been put in place there, will be considered for East Asia alongside already existing security structures.

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[19] This fact, obviously, has not gone unnoticed and explains, at least in part, why former Japanese Prime Minister Koizumi agreed to aid the US in Iraq (see Kliman 2006: 139).

If one continues the above discussion of security arrangements and, gradually, increases the number of countries involved, trilateralism logically follows bilateralism. And there are a few scholars who have given trilateral security structures some thought. Lee (1997), for example, leaves no doubt that it is imperative to engage China. "As the future of Asia-Pacific security will to a large extent be determined by China, the United States and Japan," he argues, "a stable triangular relationship involving Sino-Japanese relations, Sino-American relations and US-Japan relations would be of paramount importance for the maintenance of stability and prosperity of the region" (ibid. 258). The key here, obviously, is a *stable* triangle and it is not clear whether the US, Japan and China can cooperate giving equal consideration to each partner. Funabashi (1993: 83) is skeptical, reminding us that "[t]riangular relationships, by their nature, reduce international relations to a zero-sum game: any of the three powers is apt to suspect the other two of colluding to augment their bargaining power. A triangle made up of China, with its despotic government and closed economy, Japan, with its ambiguous policy decision-making process, and the United States, with its tradition of playing China and Japan against each other," he concludes, "could be a dangerous one."

Given the risks associated with trilateralism, it may make sense to add additional members to the security structure to reduce the likelihood of two countries ganging up against one. Minilateral arrangements consisting of a small number of participants (3-4)[20] may be considered. By virtue of their relatively small size it may be possible to give rise to such arrangements fairly quickly, deal with real security issues (like the cooperation on North Korean nuclear proliferation by the US, Japan, and South Korea), keep the arrangements focused and, once they have served their purpose, disband them (Cha 2003: 116-7).

Minilaterals whose members are great powers are referred to as *concerts*. In this form of collective security a small group of major powers cooperates to resist aggression, monitors events, and reaches decisions via consensus.[21] The most well-known concert is the Concert of Europe where Britain, Austria, Russia and Prussia managed to uphold the status quo on the European continent from the end of the Napoleonic Wars (1815) until the Crimean War (1854-56). Based on the stability the cooperation of the great four European powers brought,[22] Betts (1993/94: 75) suggests that, "if a concert of great powers in East Asia is feasible, we should seek it." At the same time, however, he seems to doubt the effectiveness of such a security provision for East Asia advising that "no one should depend on [a concert] to solve more than modest disputes" (ibid. 71).

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[20] In situations where there is a great likelihood of two countries ganging up against the third, obviously, a minilateral arrangement consisting of three participants would defeat its purpose, that is, to enhance the security of *all* participants.

[21] For a more detailed discussion of concerts, see Kupchan 1994.

[22] France was successfully brought back into the European security arrangement at the Congress of Aix-la-Chapelle in 1818.

Adding additional members to minilateral security structures leads to multilateral arrangements[23] and, when one thinks of these in the context of Asia, the Association of Southeast Asian Nations (ASEAN) comes to mind. Founded in 1967 by Indonesia, Malaysia, the Philippines, Singapore, and Thailand to "demonstrate solidarity against communist expansion in Vietnam and insurgency within their own borders,"[24] today ASEAN consist of 10 members (Brunei, Vietnam, Laos, Myanmar, and Cambodia were added over time) and mainly seeks to promote economic and cultural cooperation. As Acharya (2003: 206) makes clear, however, ASEAN also has developed a number of security goals: it seeks to deny any power to dominate the region; works toward the peaceful management of regional territorial disputes; seeks to prevent an arms race and to keep the US strategically engaged in the region. Moreover, it tries to engage China rather than to contain it (ibid. 219). To accomplish its goals ASEAN prefers informal over structured talks, searches for consensus--though not necessarily unanimity--and "attempt[s] to reconcile national strategies with multilateral norms and principles" (Acharya 2003: 254-268).

Aside from ASEAN other multilateral structures exist in the region to promote stability. The Northeast Asia Cooperation Dialogue (NEACD) founded in 1993, for example, brings together diplomats and members of the Defense Departments of China, the US, Russia, Japan, and South Korea to engage in "track-two" security dialogues. Similarly, the Council on Security Cooperation in the Asia-Pacific (CSCAP) founded in 1994 promotes track-two discussions. Unlike NEACD, however, CSCAP is a non-governmental organization that was created by research institutes in the region and its participants are individuals (Jin 2002: 192-3).

The ASEAN Regional Forum (ARF), also launched in 1994, is an informal multilateral dialogue mechanism of 26 members[25] who seek to address security issues in the Asia-Pacific region. Drawing upon the chief normative framework for inter-state behavior developed by ASEAN, namely the "Treaty of Amity and Cooperation," Acharya (2003: 185-9) explains, the chief purpose of ARF is to build "security with others rather than against them." Hence, whereas confidence building, preventive diplomacy, non-discrimination and transparency are encouraged, the organization discourages the use of force by members to settle disputes, but "does not make any provision for common action to punish an act of aggression" (Acharya 2003: 190). Some of the measures proposed by ARF include a regional arms register, the exchange of defense white papers, observers during military exercises, etc. (ibid. 190). And, with respect to the rivalry be-tween the two big East Asian countries, Buzan and Weaver (2003: 158) argue,

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[23] The cut-off point between these two institutional arrangements seems somewhat arbitrary.

[24] See http://en.wikipedia.org/wiki/ASEAN

[25] The current members of ARF consist of ASEAN plus Australia, Bangladesh, Canada, the People's Republic of China, the European Union, India, Japan, North Korea, South Korea, Mongolia, New Zealand, Pakistan, Papua New Guinea, Russia, East Timor, and the United States.

ARF "binds both Japan and China into a regional institutional framework, allowing Japan to address its historical problem, China to address fears of its neighbors, and both to avoid conspicuous balancing behavior towards each other."

To sum up, a variety of cooperative security arrangements presently exist in East Asia and the hub and spokes model discussed above, clearly, is of utmost importance. Yet there is recognition that sole reliance on a bilateral relationship with the US is insufficient (even dangerous), and that arrangements on multiple levels of governance and with varying degrees of commitment are desirable. As Huang (2002: 260), borrowing from Vinod Aggarwal suggests, "bilateral security arrangements should be nested into transregional security regimes such as ARF and CSCAP, so that the norms, rules and practices of transregional security regimes can transplant to bilateral security arrangements." Similarly, Katzenstein (2004:103), focusing on Japan, explains that the country favors bilateralism, yet, seeks to complement it with "embryonic multilateralism" (track-two dialogues) to create trust. Vaeyrynen (2001: 166) could not agree more. In his mind, Japan also seeks a multifaceted approach to security, namely "to deepen regional economic integration, enhance subregional security integration and mutual reassurance, and rely on firm and predictable US-Japanese cooperation."

What is also clear is that East Asians prefer a "gradual, incremental approach to cooperation over legalistic and fast-track modalities of institution-building" (Acharya 2003: 15). In other words, it is preferable to begin by building mutual trust, respect, and tolerance through regular talks and then graduate to more ambitious goals. "[C]onfidence-building measures, preventive diplomacy and conflict resolution," according to Lee (1997: 262), are the bottom line, and multi-lateral institutions, by "redefin[ing] identities and acceptable standards of behavior" (Katzenstein 2004: 120), and promoting greater transparency, are a good way of getting there.

And yet, ARF and CSCAP are "talk shops," …they do not negotiate treaties or impose formal obligations" (Simon 2001: 4). In fact, ARF, as Katzenstein (2004: 115) explains, "has sidestepped the most pressing security issues in Asia: conflicts on the Korean Peninsula, across the Taiwan Strait, and in the South China Sea."

Does this make them paper tigers? Hardly. These institutions fulfill an important role: the creation of trust and reciprocity (Simon 2001: 4). By virtue of "[c]onsensus decision making [they] also permit some states to abstain from an agreement without obstructing the will of the majority," and thereby allow for greater flexible than unanimity rule (ibid). These institutions are vital when it comes to community building and their members hope that by engaging each other they can promote understanding, avoid problems from spiraling out of control, and over time create more sophisticated security structures that can cope with bigger problems. The idea is to acquire information and then, gradually,

change interests and preferences. Or, as Johnston and Evans (1999: 264) put it, "the most important function of dialogue fora is not the rules they create but the suspicions they allay and the norms they reinforce." In the case of ARF and CSCAP this translates into the non-use of force for settling disputes.

Much like in Europe, it is hoped that integration in one area (for instance the economic realm) will spill over into others and facilitate cooperation there (Betts 1993/94: 72). But as European developments also have shown, this does not happen over night, nor should one expect smooth sailing all the way. As the failure of the European Defense Community (EDC), for instance, makes clear, it is likely that there will be occasional setbacks. In fact, the present "rise in political tensions and nationalism" in East Asia may constitute just that (Kaiser 2006: 96).

Strategic instability does exist in East Asia and the countries in the region seem to understand that it is in their interest to include their most likely adversaries in cooperative security arrangements, rather than to ally against them. Along those lines it, for instance, makes sense to include Japanese troops in multilateral peacekeeping, especially "if the alternative were Japanese remilitarization outside such a framework" (Betts 1993/94:57).[26] It may also be beneficial to create confidence-building measures in the region that resemble the Conference on Security and Cooperation in Europe (CSCE) of the 1970s (Kaiser 2006: 97). To mention but one further possibility, a multilateral arrangement resembling the European Coal and Steel Community (ECSC) may be of great help in stabilizing the region by making it virtually impossible for the members to go to war with each other.

What specific form cooperative security arrangements in the region will take in the not too distant future is still to be determined. What is clear is that these institutions will be "a compliment to, rather than substitute for, existing bilateral arrangements" (Acharya 2003: 195). In the words of Acharya (2003: 325) the "best prospects for the regulation of Great Power competition in Asia are through cross-cutting bilateral channels, with occasional resort to ad hoc multilateral consultations." He even goes further and suggests that, depending on the issues, a "division of labor" between ARF and something resembling a "concert" of the Great Powers may be desirable (ibid. 326).

Japan these days seeks to "hedge against possible Chinese hegemony" and tries to integrate China into the region (Green 1999: 165). China, likewise, seeks to take steps to prevent Japan's remilitarization. It is clear to all parties involved in East Asian security matters that institutions are not a "cure-all" but, due to the benefits outlined above, a step in the right direction. The goal is to encourage positive behavior when feasible, but have cooperative structures to rely on when benevolence fails to accomplish the desired outcome.

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[26] Obviously, the case of German rearmament within a European Army to exercise control over the German military is important here.

In the end, those who caution that East Asia is NOT Europe are correct. Whereas the Europeans already curtailed their freedom of action significantly in the early post-1945 period, introduced multilateral structures, and progressed fairly rapidly toward greater integration, the East Asians for a number of years relied on bilateral security arrangements with the US and only fairly recently began to experiment with multilateral security structures. Despite this delayed start and more incremental approach to trust building, this paper has shown, there are important lessons East Asia can learn from Europe when it comes to the process of security integration. First, the European case makes clear that historical legacies not only need to be addressed, but dealt with in a particular manner, to remove the big stumbling block these issues still represent for East Asia. Specifically, studies of European reconciliation identify elements (remembrance, restitution, apology) essential in coming to terms with the past and thereby provide East Asia with a blueprint that it can follow and, where needed, modify to account for differences in timing, cultural heterogeneity, etc. Second, to achieve the remarkable stability the Europeans have enjoyed since the end of World War II it appears to be beneficial, if not imperative, to coordinate security provisions on multiple levels and, over time, give rise to a complex web of governance that can allay suspicions, reinforce rules, and promote trust. Third, European integration also demonstrates that spillover from one area of cooperation to another is likely, but, that it is also likely that there will be setbacks on the road to greater institutionalization.

As the above discussion has shown, East Asians are no longer solely relying on their bilateral security relations with the US, but also imbedding their security provisions in regional institutional structures. ARF is no NATO or OSCE, but it does represent a step in the right direction. Similarly, Japanese Prime Minister Shinzo Abe's recent conciliatory moves toward China are encouraging. It is about time both Japan and China take concrete steps to deal with their historical legacies, remove remaining obstacles to cooperation, and move beyond talking. If Europe is any indication, Action Plans will have to be next.

Finally, conceptually speaking, if there are any lessons to be learned it is that regional stability assessments, by themselves, do not suffice to shed light on East Asian security provisions. To understand why East Asian countries have given rise to the specific security structures in existence today it is essential to "cross-fertilize" governance approaches with ideational and psychological conceptual frameworks. Reason clearly mattered in these decisions, but an accurate understanding of why the actors behaved the way they did cannot be obtained without examining their ideas and emotions.

The Euro-Med Partnership and Regional Integration

Astrid B. Boening

Introduction

In this chapter I seek to explore a region of the world, the Mediterranean, which has through the millennia been significant as a passageway for peoples and their trade and cultures. S. Victor Papacosma (2004, 15/6) writes, particularly concerning the Eastern Mediterranean, that

> despite their proximity, the diversity of the indigenous groups contributed little to harmony and much more to clashes among them … [and this region was characterized by] fragmented distributions of power and security systems that posed obstacles for this major avenue of economic and naval traffic.

Today, progress has certainly been made – but much obviously needs to be done in the regions bordering the Mediterranean to remove obstacles not only to economic traffic but to build bridges to traverse the cultural and political diversity between the East and the West and the North and the South of the Mediterranean, and to substitute military clashes with peaceful socio-economic and cultural interactions. Previous experiences of regional Mediterranean integration, such as the Roman Empire or the spread of Christianity in the East and West Roman Empires were certainly not always peaceful. Hence I would like to examine here a modus operandi which is intended to serve as a peaceful "bridge" not between "Them" and "Us", or "the West" and "the Rest", but which utilizes approaches, such as functionalism and institutionalism, which have been historically successful in integrating neighboring countries that had an extensive history of "un-neighborly" relations, such as France and Germany, into a system which has brought not only prosperity but also peace to them, i.e. the European Union (EU), and applied it to the Mediterranean regions in the Euro-Med Partnership (EMP), also known as the Barcelona Process.

Structures for Peace, Stability and Prosperity

Emanating from meetings and negotiations started on October 30, 1991 at the Peace Conference in Madrid the structure of the Madrid Framework for a

bilateral and a *multilateral* negotiating track was developed which enabled the first-ever direct talks between Israel and her immediate Arab neighbors on November 3, 1991. These negotiations focused on key issues of concern to the entire Middle East: *water, environment, arms control, refugees and economic development.* These negotiations led to the first Euro-Mediterranean Conference of Foreign Ministers of the future EMP states in Barcelona in November 1995 and marked the official starting point of the EuroMed Partnership. Its three main objectives are:

> 1. the definition of a common area of peace and stability through the reinforcement of a *political and security* dialogue;
> 2. the construction of a zone of shared prosperity through an *economic and financial* partnership and the gradual establishment of a free-trade area;
> 3. and the rapprochement between peoples through a *social, cultural and human* partnership aimed at encouraging understanding between cultures and exchanges between civil society (Horizon 2020 Bulletin 2005, 2).

The EMP constitutes the EUs main multilateral foreign policy instrument in the Middle East and North Africa (MENA). Currently, the EMP comprises the twenty-seven EU member states, and ten Mediterranean Partners (Algeria, Egypt, Israel, Jordan, Lebanon, Morocco, Palestinian Authority, Syria, Tunisia and Turkey, which is also an EU candidate country) and Libya (as observer since 1999). Malta and Cyprus, who were also original EuroMed Partners, are now EU member states. The EMP is the Mediterranean region-specific program of the broader (and more recently established) European Neighborhood Policy (ENP). The ENP per se was developed in 2004 to address the strategic objectives set out in the EUs December 2003 European Security Strategy. These objectives include the avoidance of emerging new dividing lines, be they economic, political or social, between the enlarged EU and its neighbors by extending to the countries neighboring the EU measures aimed at institutional and economic strengthening similar as those extended to EU members internally. The ENP offers its neighbors a privileged relationship, building upon a mutual commitment to common values (e.g. democracy and human rights, rule of law, good governance, market economy principles and sustainable development). The ENP overall goes beyond existing diplomatic and institutional relationships to offer a deeper political association and economic integration and to extend the zone of prosperity, security and peace to them (EU Commission website: ENP).

The EMPs specific mandate is based on the political, economic and culturally strategic significance of the Mediterranean region to the European Union (EU) and seeks to develop a relationship between its partners based on "comprehensive cooperation and solidarity, in keeping with the privileged nature

of the links forged by neighbourhood and history" (EU Commission website 2006: Barcelona Declaration). The "three pillars" of the EMP consist of the following in greater detail and follow the dual regional (multilateral) and bilateral tracks established in the Madrid Peace Conference for the international relations among EMP members:

The political and security partnership with the aim of strengthening the political dialogue is based on "observance of essential principles of international law, and to reaffirm common objectives in matters of internal and external stability" (Ibid.). EMP partners agreed to act in accordance with the UN Charter and the Universal Declaration of Human Rights (such as guaranteeing "the effective legitimate exercise of such rights and freedoms, including freedom of expression, freedom of association for peaceful purposes and freedom of thought, conscience and religion, both individually and together with other member of the same group, without any discrimination on grounds of race, nationality, language, religion or sex" (Ibid.) as well as other obligations under international law, including their regional and international agreements. Furthermore, they agreed to

> develop the rule of law and *democracy* in their political systems, while recognizing in this framework the right of each of them *to choose and freely develop its own* political, socio-cultural, economic and judicial system, … respect for diversity and pluralism in their societies [both with MENA AND the EU], promote tolerance between different groups in society and combat manifestations of intolerance, racism and xenophobia. … to respect the equal rights of peoples and their right to self-determination, *acting at all times in conformity with the purposes and principles of the Charter of the UN … including those relating to territorial integrity of states* (Ibid., emphasis mine).

In the **Economic and financial partnership** aspect of the EMP the participants emphasize the importance of sustainable and balanced economic and social development with a view toward achieving their objective of creating an area of *shared* prosperity and recognizing the impediment debt represents to development (e.g. by promoting an environment conducive to both internal savings as the basis for investment, and by direct foreign investment), the need to dialogue and regionally cooperate for an acceleration of socio-economic development (e.g. through the promotion and development of the private sector, upgrading the productive sector, establishing appropriate institutional and regulatory frameworks for a market economy, such as those protecting intellectual and industrial property rights and competition, those promoting mechanisms for technology transfer), the progressive establishment of a free-trade area and a substantial increase in the European Union's financial assistance to its partners (Ibid.).

This aspect of the EMP also emphasizes the interdependence with regard to the environment which requires increased regional cooperation and coordination between existing multilateral programs. Furthermore it stresses the importance of the conservation and rational management of fish stocks in the Mediterranean Sea, including improved research into stocks, including aquaculture to re-stock the Mediterranean Sea and inland lakes. Additionally it acknowledges the pivotal role of the energy sector in the economies of EMP partners and the need to strengthen cooperation and intensify dialogue in the field of energy policies, including the appropriate framework conditions for investments in, and the activities of, energy companies (Ibid.). The supply, management and development of water resources, the modernization of agriculture and the development and improvement of infrastructure, especially in rural areas, including efficient transport systems and information technologies, were also declared priorities (Ibid.). We notice that some of the original concerns addressed in the Madrid Peace Conference of 1991 are specifically adopted by the EMP.

The participants at the Barcelona Conference acknowledged that the creation of a free-trade area and the success of the EMP require substantially increased financial assistance through the EU and the European Investment Bank (EIB), necessitating the sound macro-economic management in terms of promoting dialogue and optimized financial cooperation among their respective economic policies (Ibid.).

Social, cultural and human affairs are addressed within the EMP with the aim to develop human resources and to promote understanding between cultures and exchanges between civil societies (Ibid.). The EMP participants recognize that the traditions of culture and civilization throughout the Mediterranean region, the dialogue between these cultures and exchanges at the human, scientific and technological levels are essential factors in bringing their peoples closer by promoting understanding between them and improving their perception of each other, including the importance of the role which mass media can play in the reciprocal recognition and understanding of cultures as a source of mutual enrichment (Ibid.).

Additionally, the importance of civil society specifically, and the development of human resources overall, such as social development and education and training for young people, e.g. the familiarization with the cultural identity of each partner country, by facilitating active exchange programs between partnership states, are set goals of the EMP. The importance of these programs, beyond enabling the EUs southern neighbors to develop a workforce with skills (i.e. increase their human capital) improving their economic situation, is to also develop civil society as a significant component of functioning democratic institutions and strengthened rule of law.

By addressing socio-economic needs, the EMP seeks to alleviate consequences of poverty, such as higher crime and violence rates and poor health and nutrition, which can then become factors contributing to illegal migration to

the northern Mediterranean countries. Beyond these socio-economic approaches, EMP states also address mechanisms for the rule of (international) law by agreeing to cooperate in the repatriation of illegal immigrants as well as cooperating in the joint fight against drug trafficking, international crime and corruption, racism, xenophobia and intolerance (Ibid.).

Goals of the EMP

Overcoming not a clash of civilizations but of mutual suspicions

Huntington's (1996, 32) ominous words regarding common divisions between countries, such as between modern, developed countries and poor, developing countries, or the Muslim distinction between Dar al-Islam and Dar al-Harb, the abode of peace and the abode of War respectively, are the type of divisions the EU seeks to ameliorate and bridge through the programs of the EMP. We note that the Dar al-Islam has been undergoing what some scholars have described as more serious internal divisions than schisms within the Dar al-Harb (i.e. between Muslim and non-Muslim regions). The EMP, by definition, not only encompasses both Shia and Sunni populations, but of course also Jewish and Christian member states. Beyond the religious diversity, there is also a significant gradient between economically richer and poorer regions in the EMP. Nevertheless, I would disagree with Huntington that the West is moving towards a phase of a "universal state" (Ibid. 53), at least with respect to the northern Mediterranean states versus the Southern and Eastern states. While the goals of the EMP are, i.a. trade harmonization and coordination, its purpose, with its emphasis on diversity, is rather the maximization *between* cultural parameters of member countries than a *homogenization* among the regions encompassing the EMP.

Development as Freedom

Amartya Sen (1999, 11) distinguishes "five distinct types of freedom, seen in an 'instrumental' perspective… 1. political freedoms, 2, economic facilities, 3. social opportunities, 4. transparency guarantees, and 5. protective security", which are not only ends of development but also principal means (Ibid.) which he views as empirically linked and strengthening each other reciprocally (Ibid., 12). Importantly, Amartya Sen points to free and sustainable individual agency, whereby "individuals can effectively shape their own destiny" (Ibid.), rather than simply being "passive recipients of the benefits of cunning development programs" (Ibid.).

Financial Times columnist Martin Wolf (2007) pointed out in response to a speech by Ben Bernanke (2007), chairman of the US Federal Reserve, in view of the effects of globalization, that to guard against resulting polarizations in personal income, skill-based technological changes need to be addressed. As the

previous outline of the overall subject areas addressed in the EMP shows, we note that these are exactly some of the issues which the EMPs addresses as part of the social-cultural "basket".

The EMP and collective security

Carlos Echeverria wrote in 1999 (preface) that when the Berlin wall crumbled, the fear was expressed that the security of Europe might occur at the expense of Mediterranean security requirements. The EMP was founded partially to address this concern as the Western European Union became more and more integrated into the EU. Echeverria (1999) already suggested eight years ago, with the post-World War II history of political instability in the Middle East already well-known, but the current Iraqi regional destabilization then unimaginable, to utilize the regional experience and confidence of the armed forces of non-European Mediterranean nations in peacekeeping operations to make the EUs approach in the Mediterranean demand-driven and proactive. While military aspects are not explicit items on the agenda of the EMP, they certainly fall into the "political first basket" of the EMP and certainly cannot be ignored in the role of the EMP as contributing to the Mediterranean security complex, not only from a socio-economic development standpoint, but also an active political one.

Challenges to progress in the EMP

Ulla Holm (2004, 1) views the dialectic faced by the EU in the Mediterranean in terms of the tension in the conceptualization of the Mediterranean as a cultural cradle of great civilizations versus as a conflict laden zone, interlinked with the discourses of the EU as an exporter of democracy through a model to copy rather than an empire-builder through respect for cultural diversity and Arab sovereignty while exporting political shared European values.

    The Eastern Mediterranean in particular is poised today more than ever before to become the epicenter of global strategic concern writes S. Victor Papacosma (2004, 19) due to the much greater number of variables involved than existed during the Cold War. This leads to much greater difficulty in determining common policy among traditional allies and neighbors). The continuing security dilemmas facing the states in this region validate in my opinion Adler's (1998, 120, quoted in Attina 2000, 5) belief that multilateral institutions and the community-building practices and the "institutions they activate produce the necessary conditions for peaceful change, i.e. cognitive and material structures, transactions between states and societies and collective identity or 'we-feeling'". Today, twelve years after the inauguration of the Barcelona Process, the need for these multilateral institutions and community-building practices are more needed than ever while the political hurdles loom larger than over. I would disagree with Rosa Balfour (2004, 1) who writes that

the EU, by nature and because of its history, is ill-suited to embracing paradigms such as the clash of civilizations. Limited by its capabilities as a 'civilian power', it has sought to develop relations based on dialogue, on economic integration as a means of building secure and stable environments, and on diffusing its norms through persuasion rather than coercion.

Rather, her observation (Ibid.) that the Wider Europe strategy published by the Commission in March 2003 and the new European Security Strategy prepared by the High Representative for CFSP the same year "propose major conceptual changes in the EUs relations with the rest of the world which, if implemented, could transform the EUs still hesitant status as an international actor" is not *optional* in my opinion today, 2007, but *imperative* in light of the geopolitical "reconfigurations" taking place in the region. The risks and challenges make not only strategic *thinking* but an enhanced focus on *action* vis-a-vis the EUs southern neighbors a priority.

Recommendations/outlook for the EMP

Bettina Huber (2005, 3) writes that cooperation in the EMP is based on the assumption that the deepening of neighborhood relations cannot be achieved through governmental agreements alone, but that essential participation and contribution by civil society is urgently needed to bring the partnership to life and to create the greater understanding and closeness between the people envisioned by the Barcelona Declaration in 1995. The EU posits the security environment of the EMP in the human dimension of good governance, human rights and the rule of law (Balfour 2004, 3). While the intentions of the EMP are not only laudable but address many of the criteria which scholars and political leaders (e.g. note the criteria for the Madrid Peace Conference) have identified as contributing to economic growth and development in general, hereby enhancing regional stability, we need to remember that the EMP is not legally binding, i.e. participation is not uniformly strong. Instead it applies concepts of "benchmarking" and "differentiation" on an individual country/case basis, "allowing countries to make progress without jeopardizing the entire regional approach" (Ibid., 4). Hence this "common model of relationship does not exclude a certain degree of differentiation among the states which are part of this model" (Flaesch-Mougin in Thiele and Kostelnik 2005, 63). This approach by the EMP varies from a purely realist one which might suggest that the overall wealthier North might keep its distance and rather remain vigilant toward the Southern and Eastern regions of the Mediterranean. In fact, the EMP seeks to counteract the risks and threats from the Other, and to increase understanding between the cultures (Ortega in Batt et al. 2003, 5) in Constructivist fashion. This is to the

credit of the EMP as a specialized regional exception of the ENP, which has been accused of "one size fits all" (Aldis 2005, 5) programs and approaches.

Some scholars have accused the EMP of being an imperialist tool of the EU for an extension of territory and herewith, power. I would view the EMP rather as a model for assisting MENA to develop politically, economically and socially, not only to make the southern neighbors of the EU less likely to emigrate illegally in droves to the EU north of the Mediterranean, but also to offer the political/security, economic/financial and socio-cultural options and tools, such as through a harmonization of practices, for the integration into some areas of the "Four Freedoms" (goods, people, services and capital), for a peaceful coexistence in the culturally, politically and economically diverse North African and Middle Eastern "neighborhood" of the EU. This "process" of the EMP is multilateral not only due to the character of its membership, but also because it is based on several international conventions, such as UN declarations, or the parallel "three baskets" of the Helsinki Declaration of 1975. This application of EU soft power in countries to the south and east of the Mediterranean is more than just cultural power in Joseph Nye's (2002, 11) terminology, but is being applied by the EU in its foreign policy in the EMP to promote peace and human rights through the reciprocity between economic and education, identified by e.g. A. Sen as essential for development to translate into individual freedom.

Gonzalo Escribano (2005) points out that the ENP's economic prescriptions overall are perceived as merely cosmetic. The EMP per se needs to continue to focus on the increased participation of its members in the Single European Market, involving the Four Freedoms (of the movement of goods, services, capital, and workforce). It is about inclusion rather than exclusion. Euro-Mediterranean is not a zero-sum game but needs to be recognized and supported as an endeavor for cumulative growth on all shores of the Mediterranean to achieve peace and stability within and among all its members.

As we know, peace processes in the Middle East are still more hope than reality at the moment, with the extent of spillover from possible greater regional fragmentation post-Iraq yet unknown. In this institutional vacuum of other regional security cooperative institutions, such as the Arab Maghreb Union or the Arab League (Vasconcelos 1999, 30), the realization of the EMPs intent to extend beyond the EU a zone of "peace, prosperity and stability" as a tool of EU soft power, utilizing proven approaches to address regional (in-) security in the Mediterranean through step-by-step processes of harmonization are more urgent than ever.

III.   Western Hemisphere

Obstacles to Regional Integration in Latin America and the Caribbean

Laura Gómez-Mera

Introduction

The 1990s saw a resurgence of regional trade initiatives in Latin America and the Caribbean (LAC). Triggered by security, political and economic motivations, these schemes were initially viewed as positive developments. In particular, analysts emphasized the differences between this new wave of "open" regionalism and the inward-oriented regional integration projects of the 1950s and 1960s (Devlin and Estevadeordal, 2001). Yet a closer look suggests that the performance of many of these agreements has been far from impressive. Progress on tariff cuts has been slow and the implementation of signed treaties, uneven. The failure of many LAC countries to follow through on the commitments they undertake at the regional level undermines the economic and political sustainability of these organizations, ultimately compromising their underlying objectives.

Scholars frequently acknowledge the existence of serious commitment problems in LAC regional organizations (Devlin and Ffrench-Davis, 1998; Bouzas, 2001; Duran and Maldonado, 2005; etc.). Yet, there have been few attempts to systematically measure and take stock of the implementation and compliance deficit in these blocs. This paper seeks to contribute to the literature on regional integration in LAC, by presenting and analyzing original data on the compliance and implementation records of members of the four main blocs in the region, namely, the Southern Cone Common Market (MERCOSUR), the Andean Community (CAN), the Central American Common Market (CACM) and the Caribbean Community (CARICOM). The empirical evidence presented in this paper suggests that there are indeed commitment problems in the four organizations. It also shows that there are variations both across and within the four agreements.

The paper draws on International Relations (IR) and International Political Economy (IPE) theoretical perspectives to account for these variations. It argues that the two main perspectives in the debate on compliance with international agreements, the enforcement and management approaches, are useful to account for patterns of cross-national implementation and compliance in Latin America and the Caribbean. Yet, the tendency of these approaches to neglect the role of

external influences could prove misleading when examining implementation and compliance gaps in regional trade agreements among developing countries. The paper thus argues that greater attention needs to be paid to external constraints, and in particular, to the role of globalization. The empirical findings presented here suggest that international interdependence and vulnerability have had an impact on the ability and willingness of LAC countries to honor their regional commitments.

The paper is structured as follows. The next section begins with a general discussion of the concepts of commitment, compliance and implementation in the IR literature, and then presents the main theoretical perspectives on the sources of non-compliance with international agreements. The third section assesses whether such problems are in fact present in LAC regional agreements by examining different indicators of compliance and implementation. It then examines the sources of commitment problems in LAC regional organizations, focusing specifically on the determinants of practical implementation. The final section summarizes the main empirical results and their theoretical implications and discusses avenues for future research.

Theoretical Framework

Conceptualizing Commitment, Compliance and Implementation

Neoliberal institutionalist scholars have emphasized the role of international institutions in helping self-interested states to achieve and sustain cooperation in an anarchic international setting. Yet the effectiveness of institutions in promoting cooperation remains contingent on member states' commitment to undertaking and observing the institution's norms, rules and regulations. In this paper, commitment is viewed as encompassing the two interrelated but distinct notions of implementation and compliance. Following Underdal (1998: 26), I define implementation as "the measures that governments take to translate international accords into domestic law and policy" and compliance as the extent to which they adhere to the provisions of these agreements. A further distinction can be made between legal and practical implementation. According to Tallberg (2002), the former refers to the "measures that states take to make international accords effective in their domestic law," and the latter to the practical steps they take to adjust their behavior to these accords. In this sense, and consistent with Young (1979) and Simmons (1998), implementation entails the practical and legal adoption of treaty regulations that are expected to facilitate and promote compliance.

Three additional considerations are relevant when discussing compliance and implementation in regional trade organizations. First, the two concepts are independent of the notion of *regime effectiveness,* which tends to refer to the extent to which an organization is able to achieve its stated or implicit objectives (Simmons, 1998; Underdal, 1998). This is useful to understand the survival of some

economically irrelevant regional organizations in the developing world. Some customs unions among developing countries, for example, are created with the ultimate (but perhaps implicit) goal of increasing member states' leverage in multilateral trade negotiations. In such cases, compliance and implementation problems may not necessarily undermine their underlying strategic rationale. At the other extreme, a regional trade agreement created mainly to promote trade among partners could generate high levels of compliance and implementation but fail to significantly expand intra-bloc interdependence for a number of reasons (e.g. small market size, lack of complementarity among partners' economic structures, unfavorable external or domestic circumstances). Ultimately, we would expect commitment problems to work to undermine regime effectiveness (Young, 1992). Yet, this paper focuses on the former and does not directly address the latter.

Second, scholars tend to differentiate between "first" and "second order" compliance. First-order compliance implies adherence to original or standing rules and treaties signed by states. In contrast, the concept of "second order" compliance is typically used to refer to compliance with legally binding decisions taken by a third-party, usually in response to a case of first order non-compliance (Chayes and Chayes, 1995). The advantage of focusing on second-order compliance, which has been frequent in research on the GATT/WTO dispute settlement mechanism, is that it is easier to empirically establish the "rate of compliance" (Simmons, 1998). In this paper, however, I focus on first-order compliance.

Finally, as Underdal (1998: 6) points out, both implementation and compliance are matters of degree-- "an actor may comply with some provisions but not with others, and meet some obligations *partially*.[1] In the context of a customs union, for example, member states may observe their commitments to eliminate all barriers to intra-bloc trade, but might fail to implement common external tariff agreements (CET), maintaining different levels of tariffs on third parties' products. Similarly, a country might adjust its external trade policy to implement the CET in all but a number of sectors or product lines. This understanding of compliance and implementation in degrees of intensity has important methodological implications. Drawing on these insights, Figure 1 summarizes the concepts of implementation, compliance and commitment that will be used in the rest of the paper. The table distinguishes between the process of policy and/or norm formulation and the subsequent ability of states to commit themselves to that policy. The notion of commitment is viewed as including both the ability and/or willingness of a state to implement and to comply with it after implementing it. A further distinction is made between "legal" and "practical" implementation.

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[1] Underdal states that, therefore, "a useful model should be able to account for a significant amount of the variance at the level of individual actors as well as at the level of regimes."

Figure 1
The Different Dimensions of Commitment to Regional Policy and
Agreements

Policy Formulation	Policy Commitment		
	Policy Implementation		Policy Compliance (First-Order)
	Legal	Practical	
Decision-Making ↓ Directives/Decisions Rules	Transposition ↓ Domestic Legislation	Application	Conformity to regional rules and policies
	Monitoring and Enforcement		

Source: Adapted from Treib (2006)

The Sources of Commitment Problems

Two main perspectives can be identified in the debate on the sources of compliance with international agreements: the enforcement and the management approaches (Chayes and Chayes, 1995; Downs, Rocke, and Barsoom, 1996). These two approaches diverge on what determines and on how to address problems of non-compliance and implementation.

Enforcement scholars assume that states are rational actors whose compliance and implementation decisions depend on the structure of material incentives that they face. This is consistent with traditional IR perspectives on cooperation, and particularly with the realist view that international institutions are "epiphenomenal" and that states are cynical when joining them, knowing that they might subsequently decide to renege on their rules. In Tallberg's (2002: 611) words, "states' interests may include signature but not compliance." From this perspective, non-compliance can only be deterred through effective monitoring and enforcement mechanisms.

The enforcement approach assumes that both systemic and domestic level factors could alter the structure of incentives at a particular time, leading states to shirk on their commitments (Downs, Rocke and Barzoom, 1996). Consistent with power politics approaches, one group of scholars argues that powerful states tend to be less sensitive to changes in the structure of material incentives (Borzel et. al., 2006). According to the power preponderance hypothesis, therefore, economically and politically strong states are less likely to comply with and to implement international agreements. In contrast, others argue that stronger states are able to exercise their power at the decision-making and negotiating stages, so that only those agreements that reflect their preferences will emerge. Powerful states are thus expected to exhibit higher levels of compliance and implementation. Moreover, and consistent with hegemonic stability theory, regional hegemons can act to provide centralized mechanisms for monitoring and sanctioning defection, thus leading to higher levels of compliance and implementation within the organization (Mattli, 1999).

Neoliberal institutionalist insights on cooperation are also consistent with enforcement approaches to compliance. Like realists, neoliberals focus on material incentives for compliance and implementation, but they emphasize the role of institutional mechanisms in promoting and facilitating compliant behavior (Keohane, 1984). Institutions work to provide information and increase transparency, reducing uncertainty about partners' behavior and underlining the reputational consequences of uncooperative behavior. Crucially, institutions provide monitoring and enforcement mechanisms that increase the costs of defection. Drawing on this perspective, Smith (2000: 2) has argued that more legalized dispute settlement mechanisms are expected to improve compliance rates "by increasing the costs of opportunism."

A third set of arguments, also consistent with the rationalist underpinning of enforcement approaches, emphasizes instead the role of domestic level variables. Several studies have examined the links between regime type and compliant behavior. Two contending hypotheses have emerged from this literature. The first predicts a positive relationship between democracy and compliance and implementation, emphasizing two main causal mechanisms. According to the "democratic legalist" argument, liberal democratic regimes tend to be more willing to observe and respect international law because of their commitment to the rule of law and to legal institutions (Simmons, 2000). Other scholars point instead to the importance of domestic public opinion and "audience costs" in deterring non-compliant behavior in democracies. In this view, democratic leaders who renege on international commitments may face negative electoral consequences and will thus face stronger incentives to comply than autocrats (Fearon, 1994; Mansfield, Milner and Rosendorff, 2002).

An alternative view highlights the domestic distributional implications of international agreements, challenging the contention that domestic pressures always deter non-compliance. Because those groups that are harmed by

international commitments will lobby their governments for non-compliance, democratic leaders might face simultaneous pressures for and against compliance. Ultimately, whether a democratic state chooses to comply or not will depend on the balance of power among these domestic groups (Tomz, 2002; 2003). This argument is particularly relevant when studying commitment problems in regional trade agreements, which have clear distributional consequences at the domestic level.[2]

In contrast to the enforcement perspective, the **management** approach assumes that states in general do (or at least want to) comply with their international obligations (Chayes and Chayes, 1995; Chayes, Chayes, and Mitchell, 1998). Non-compliance, according to this perspective, is involuntary. States do not comply because they are constrained either by norm ambiguity (vagueness and uncertainty in treaty wording, inadequate time tables, etc.) or by capacity limitations. In some cases, lack of information constrains the ability of states to come through on their commitments. Non-compliance may thus be "inadvertent" (Chayes and Chayes, 1995). As a result, for management scholars problems of non-compliance and non-implementation can only be addressed through capacity-building, more flexible time-tables, and greater rule specification. International institutions play an important role in this respect, not in providing enforcement and sanctioning mechanisms as enforcement scholars would expect, but in promoting capacity building and disseminating information.

Two types of state capacity problems can hinder compliance and implementation: administrative and political limitations. Small states, for example, might be constrained by inadequate financial and human resources and technical capacity limitations in their attempts to implement certain types of international agreements (Borzel et. al. 2006). Macroeconomic conditions might also indirectly affect the administrative capacity of a state and hence influence its international behavior (Tallberg, 2002). Other management scholars emphasize the role of political capacity and autonomy, arguing that the number of domestic level actors that are able to block political decisions (i.e. veto players) affects the extent to which a state is able to observe international commitments. The main theoretical expectation is that a higher number of veto players decreases the likelihood of compliance and implementation.[3]

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[2] The literature on regionalism has also highlighted the role of interest groups and other societal actors both in pushing for regional integration and in conditioning the extent and pace of the process of integration (Milner, 1997; Moravcsik, 1998; Chase, 2003).

[3] Several European Union (EU) scholars, however, have found that countries with several veto points in fact decreases the average number of infringements and improves the record of legal implementation (Borzel et. al. 2004).

Figure 2
Summary of Hypotheses*

	Voluntary (Enforcement)	Involuntary (Management)
Systemic	H1: Power Preponderance (-) H2: Hegemonic Stability (+) H3: Institutional Mechanisms (+)	H8: Treaty Vagueness (-)
	H9: Globalization?	
Domestic	H4: Democratic Audiences (+) H5: Economic Interests (-)	H6: Administrative Capacity Constraints (-) H7: Veto Points (-)

*Sign of expected impact on commitment to regional trade agreements between parentheses.

Economic Globalization, Power Asymmetries and Regional Commitment

Both the enforcement and management perspectives provide plausible hypotheses for explaining commitment problems in LAC regional organizations. These are summarized in Figure 2. One problem with these explanations, however, is that they tend to neglect the role of exogenous (or extra-agreement) influences, such as global economic forces and extra-regional power asymmetries. This may not be too consequential when examining the sources of non-compliance in international agreements among developed countries (like the EU, for example). But it could be quite misleading when looking at agreements among developing countries, which tend to be significantly more vulnerable to external forces. Here it is useful to incorporate insights from the IPE literature on regional cooperation, and in particular, from the "new regionalism" approach (Breslin et. al., 2003; Söderbaum, 2003; Soderbaum and Hettne, 2005; etc). This work underlines the important and multifaceted interconnections between globalization and regionalism. According to this body of literature, globalization

promotes regionalism among developing countries through a number of causal mechanisms.[4]

While highly illuminating, this literature suffers from two main weaknesses. First, these arguments neglect the possibility that increased economic interdependence and global power asymmetries might, under certain conditions, work to hinder (not promote) compliance and implementation. These scholars view regionalism as either a reaction against or an instrument of US-led "neoliberal globalization." They overlook the fact that many developing countries, particularly in the Americas, have had a positive reaction to the more recent US strategy of aggressively pursuing bilateral free trade agreements in the region (Schott, 2004; Zoellick, 2007).[5] While in the case of MERCOSUR, US bilateralism has created further defensive incentives for regional cooperation, in other cases it has had the opposite effect. According to Phillips (2005: 21), for example, US bilateralism has "worked to undermine the cohesion of sub-regional groupings" in LAC. This is nowhere as clear as in the case of the Andean Community. In April 2006, Venezuelan President Hugo Chavez decided to exit the bloc, accusing partners Colombia and Peru of "killing" the Community, after completing FTAs with the US.[6]

In addition, the proliferation of bilateral and plurilateral agreements in LAC, not only with the US but with other countries within and outside the Western Hemisphere, has practical implications in terms of compliance and implementation. In line with the "spaghetti bowl" argument (Bhagwati and Panagariya, 1996), the proliferation of overlapping agreements increases the administrative costs of compliance and implementation. It could also lead to confusion about implementation. Several analysts have, for example, referred to the uncertainties created by the DR-CAFTA and its interaction with pre-existing CACM agreements and regulations in Central America (Cornejo and Granados, 2006;

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[4] Several interrelated arguments can be identified within this literature. A first body of work has implicitly and/or explicitly viewed regionalism as a negative manifestation of the process of global economic integration, and in particular, as a mechanism for facilitating the "regional hegemony" of the neoliberal ideology (Gamble and Payne, 1996; Gill, 1999; Phillips, 2004). Other scholars within this group have instead viewed regionalism more as a deliberate defensive *response* to the economic and competitive pressures posed by economic globalisation and by the spread of neoliberal policies in the 1990s (Breslin and Higgott, 2000; Bowles, 2002; Phillips, 2002). In some cases, regional integration is viewed as an intermediate step to full participation in the global economy—for example as an attempt to improve competitiveness within a protected extended market before facing global competition (Phillips, 2000). Alternatively, regionalism among developing countries has been viewed as a strategy to improve their market access in a context of "dysfunctional" multilateralism. Finally, regionalism has been interpreted as an attempt to provide marginalised countries with a viable alternative to the multilateral level (Mistry, 2003; Tussie, 2003).

[5] Admittedly, this "positive" reaction could be linked to the asymmetries of power in US-LAC countries relations and associated fears of marginalization.

[6] See BBC News, "Venezuela quits Andean Trade Bloc," (20 April 2006).

Gonzalez, 2005).[7] Overlapping and "crisscrossing" agreements also have a clear impact in LAC states willingness and ability to implement CET agreements. In the 1990s, the Menem's government attempts to have Argentina sign a bilateral agreement with the US almost resulted in the downgrading of MERCOSUR to a FTA (Gomez Mera, 2005b). More recently, according to INTAL (2002), negotiations with third parties have worked to divert CACM members' attention and to hinder progress towards the implementation of the CET.

A second shortcoming of the new regionalism literature lies in its lack of attention to the impact of trade and financial vulnerability on states' ability and willingness to observe regional commitments. Here it might also be useful to differentiate between the distinct effects of trade and financial interdependence. The literature on financial globalization has highlighted the important constraints that capital mobility places on developing countries' policy autonomy (Andrews, 1994; Cohen, 2000; Haggard and Maxfield, 1996). Several empirical studies, on the other hand, have documented the complex impact of global financial pressures on regional trade cooperation. Bowles (2002), for example, examines the impact of the Asian Crises on regional cooperation in East Asia and in South America. Both ASEAN and MERCOSUR were severely affected by the capital outflows that hit the two regions in the late 1990s.

In South America, capital outflows in the late 1990s exacerbated balance of payments problems increasing the costs of observing regional trade commitments. For Brazilian and Argentine policy-makers, protectionist measures were an attempt to moderate balance of payments deficits. The recessionary and macroeconomic effects of the financial crises also worked to exacerbate distributional tension at the domestic level, leading to a protectionist backlash against regional integration both in MERCOSUR and ASEAN (Solingen, 2001; Gomez Mera, 2005a). In addition, as Phillips and Higgott (1999) have noted, the crisis of confidence that hit emerging markets in the late 1990s created tension within blocs, as members sought to "differentiate" themselves from their troubled partners. This suggests that it might be worth examining and comparing the effects of both trade and financial openness and vulnerability when examining the sources of commitment problems in RTAs.

Commitment Problems in LAC Regional Organizations

There have been few attempts to systematically measure and take stock of the problems of implementation and compliance in LAC regional organizations. To a great extent, this reflects the scarcity of reliable and consistent data on LAC countries' compliance and implementation records. Here the contrast with the

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[7] For a comparison of divergences in the Rules of Origins regimes in CAFTA and CACM see Cornejo and Granados (2006), Appendix C. For a comparison of the coverage and scope of the two agreements, see González (2005).

European Union (EU) is daunting. EU scholars benefit from the wide availability of information on member-states' infringements, which has facilitated the emergence of a rich body of quantitative and qualitative research on the sources of commitment problems among European countries (Borzel et. al. 2006; Tallberg, 2002; Sverdrup, 2004; Falkner et. al., 2004; etc.). This data is collected and periodically released by the European Commission, as part of its monitoring activities. In contrast, not all regional organizations in LAC have supranational bodies that provide centralized systems of enforcement and/or that systematically collect and disseminate information on infringements and implementation failures.[8] A related problem derives from the fact that different blocs rely on different enforcement mechanisms and thus, when available, the information on non-compliance tends to be uneven and not easily comparable across blocs.[9] As a result, it is difficult to measure and compare the record of commitment of LAC countries *across* blocs.

The information provided by each regional organization could, under certain conditions, be used to examine patterns of compliance and implementation within these trade organizations. This could serve as a starting point for analyzing broader patterns of commitment with trade agreements in the region. As a proxy of non-compliance, I use the average number of formal complaints (presented by either partners or by the regional bodies) against each country in MERCOSUR, CAN, CACM and CARICOM.[10] This information is summarized in Figure 3.

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[8] CARICOM members, for example, have only recently inaugurated the Caribbean Court of Justice (CCJ), which will be in charge of monitoring the implementation of the Single Market and Economy (CSME) and managing the bloc's dispute settlement mechanism. The agreement establishing the CCJ was signed on February 14, 2001 by the governments of Antigua and Barbuda, Barbados, Belize, Grenada, Guyana, Jamaica, St. Kitts & Nevis, St. Lucia, Suriname and Trinidad and Tobago. The agreement was later signed by Dominica and St. Vincent and the Grenadines on February 15 2003. For further information, see http://www.caribbeancourtofjustice.org

[9] For a detailed comparison of the dispute settlement mechanisms in the different blocs, see Lacarte and Granados (2004).

[10] Where possible, I tried to check this information with additional reports by international organizations (in particular, ECLAC and the IADB) and with news reports and other official documents.

Figure 3
Average Number of Violations in LAC Blocs, 1998-2005
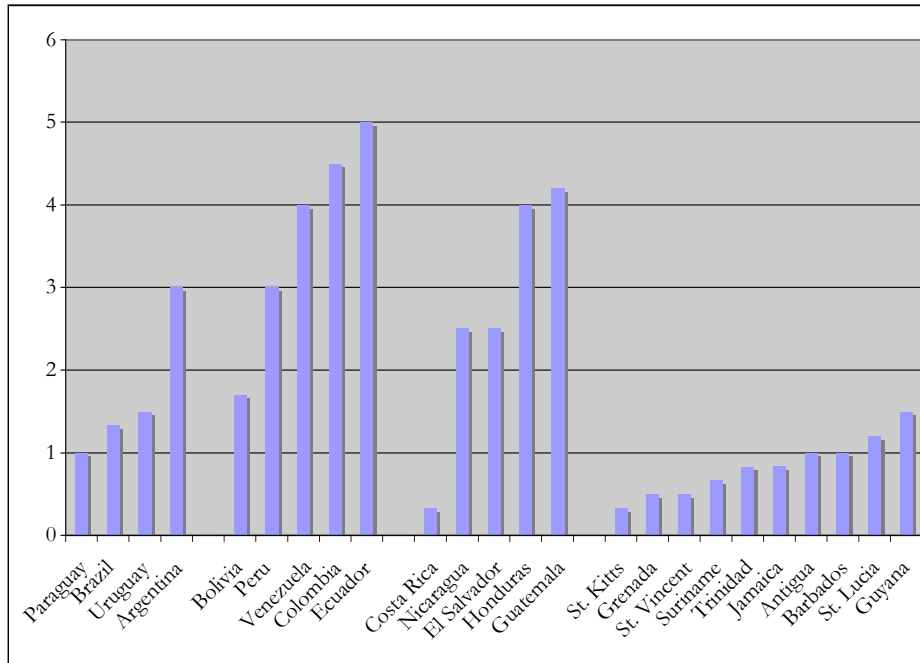
Source: MERCOSUR (2002; 2003; 2004); Duran Lima and Maldonado (2005), CAN Secretariat (2004), Costa Rica's COMEX website, CARICOM website, ECLAC (2003; 1999); CARICOM (2002); INTAL (1999; 2000; 2001; 2002; 2003; 2004; 2005; 2006).

Figure 3 would, at first glance, suggest that there is significant variation across and within blocs in terms of compliance. It shows that countries like Guatemala, Argentina, Ecuador and Colombia exhibit poor records of compliance, while their partners Costa Rica, Paraguay and Bolivia (respectively) fare much better. This suggests that there might be a negative relationship between size and compliance, although this hypothesis would be rejected if we look at the case Uruguay in MERCOSUR. Comparing the standard deviations of the average violations for each bloc, it emerges that the extent of intra-agreement variation in terms of compliance occurs in CACM (1.55) and the lower in CARICOM (0.35).

Nevertheless, there are good reasons to challenge the validity and reliability of this indicator (formal complaints presented at the bloc's dispute settlement fora), to measure non-compliance. First of all, it excludes the cases of undetected and unreported non-compliance or those that are successfully managed directly between the aggressor and the affected partners. Partners and/or regional bodies might fail to detect a violation, or they might choose not to formally report it.

Second, in the case of MERCOSUR, for example, it is mainly partners who present formal complaints to the Common Market Group. The validity of the indicator could thus be affected if some partners exhibit a greater tendency to present complaints than others. Alternatively, regional bodies may be biased towards or against some partners. Third, given that LAC blocs tend to be characterized by significant exemptions among partners, the number of complaints does not take into account the fact that those partners who benefit from a larger number of exemptions might have a lower need to violate regional agreements.[11]

It is even more challenging to measure and compare practical **implementation** levels within and across blocs.[12] Several attempts have been made by regional integration scholars to design indicators of the "success" and depth of integration (e.g. Hufbauer and Schott, 1994; Feng and Genna, 2005; Ruiz, 2004).[13] However few of these have focused on the issue of implementation. One exception is Haftel (2007), who creates an index of economic scope and implementation that first considers the stated depth of integration of different agreements and then assesses the extent to which these are implemented. This index, however, uses the regional organization as the unit of analysis, assuming that all countries within the bloc implement agreements to the same extent. This is a questionable assumption.

In order to make more reliable comparisons across countries in terms of implementation, I create a composite index or "Implementation Achievement Score" (IAS), which assesses a state record in undertakings its regional commitments in three main areas: (1) the customs union (implementation of the common external tariff); (2) the internal market (removal of tariff and non-tariff barriers to intra-regional trade of goods and services); and (3) macroeconomic convergence (the extent to which it has been able to reach the agreed convergence targets). I use an ordinal scale of 0 (no implementation at all) to 4 (complete implementation) for the first two of these components and a scale of 1 to 3 for the latter.[14] Perfect compliance would result in an IAS of 11 points. To code the achievement of each state (to the year 2005), I rely on progress reports published both by individual governments and by the regional organization, independent evaluation reports by international organizations, such as ECLAC

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[11] Focusing on the case of the EU, Borzel (2000) argues that infringements (or complaints) data can be used only if it can be assumed that the reported cases represent a random sample of all existing cases and that there are no major sources of bias.

[12] Several EU scholars have used the transposition deficit (the rate at which member states transpose regional regulations to the domestic level) as a proxy for legal implementation and commitment.

[13] See De Lombaerde, Pietrangeli and Weeratunge (2006) for a comprehensive overview of different indicators used to monitor progress in regional integration initiatives.

[14] This scale seeks to improve on Haftel's (2007), which only includes three quite restrictive categories.

and the IADB, as well as newspaper reports and other qualitative assessments by integration experts.[15]

The results are summarized in Figure 4. The latter shows that there are significant variations across LAC countries in terms of the implementation of regional commitments (See also Table A1 in Appendix). It also suggests that overall levels of implementation are not particularly high within the region. The average implementation score for the year 2005 was 6.42. In fact, no country was given the top score for (11 points), with top performer Trinidad and Tobago obtaining just 9 points. The distribution of the IAS scores seems to cluster around the average value, with no cases under 4 or above 9 points.

Figure 4 also shows that the top performers in terms of compliance are not necessarily the best in terms of practical implementation. Patterns of implementation seem not to be too consistently related to size, in contrast to what enforcement scholars would predict. Figure 5, in turn, suggests that there are also important variations within each bloc. The greater variance happens in CAN, where Colombia has been quite committed to implementing its agreements, and smaller partners Peru and Bolivia have received special treatment since the bloc's inauguration. In contrast, in MERCOSUR partners exhibit consistently low levels of implementation of regional agreements.

If the average IAS is calculated for each bloc (See Figure A2 in the Appendix), we find that MERCOSUR is the worst performer with an average score of 5, and CACM is the leader with a score of 6.8. However, the differences among CACM and CARICOM (6.6) are very small. Figure A2 (See Appendix) in fact shows that there are not dramatic differences in overall performance among LAC blocs. It would be more interesting, however, to compare the implementation record of LAC agreements with other integration schemes among developing countries.

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[15] For the CET IAS, I use the following coding rules: (1) IAS1=0 if no steps taken to implement the previously agreed on CET; (2) IAS1= 1 if CET applied to less than 50% of state's trade and high variability in tariff levels; (3) IAS1=2 if CET applied to more than 50% but less than 85%; (4) IAS1=3 CET applied to over 85% of tariff lines; (5) IAS1= 4 full implementation. For the internal market IAS: (1) IAS2=0 if no concrete steps have been taken to remove tariff and non-tariff barriers (NTBs) to intra-regional trade of goods and services; (2) IAS2=1 if the state has made very little progress in removing barriers to intra-regional trade (e.g. heavy reliance on non-tariff barriers, exemption lists, etc.); (3) IAS2=2 if state has liberalized regional trade considerably but maintains restrictions, exemption lists and special regimes; (4) IAS2=3 high levels of liberalization – if state has liberalized intra-regional trade almost completely but maintain negative lists or sectorial exemptions; (5) IAS=4 complete intra-bloc liberalization of goods and services. Finally, for macroeconomic convergence: (1) IAS3= 0 if state diverged from target in 10% or more; (2) IAS3=1 if state diverged from target in less than 10% and more than 1%; (3) IAS3=2 if state diverged from target by 1% or less; (4) IAS3=3 if state met (or surpassed target). I use this coding rule for each target and then average the different scores to obtain the final IAS3.

Gómez-Mera

Figure 4
Implementation Achievement Score, 2005
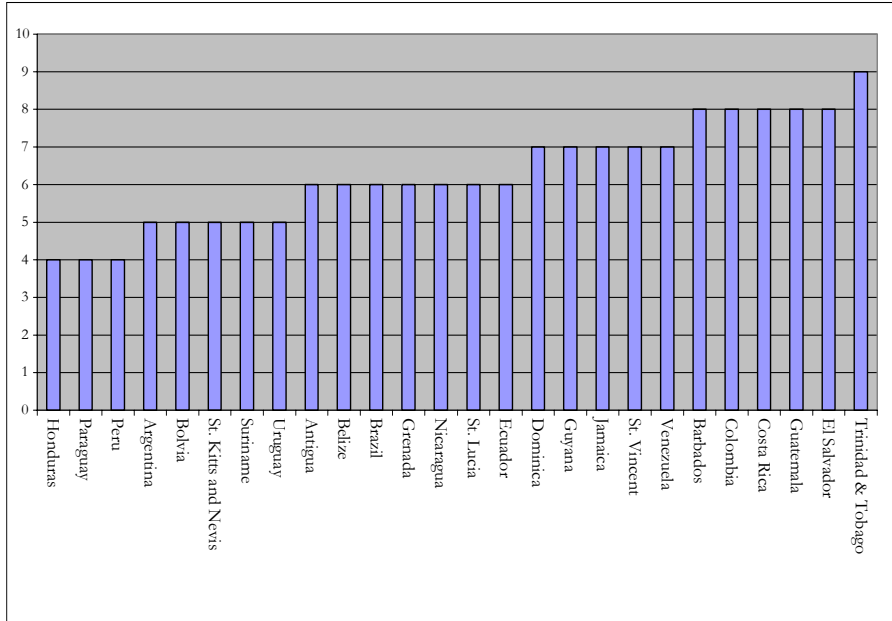
Figure 5
Implementation Achievement Score for the main LAC Blocs
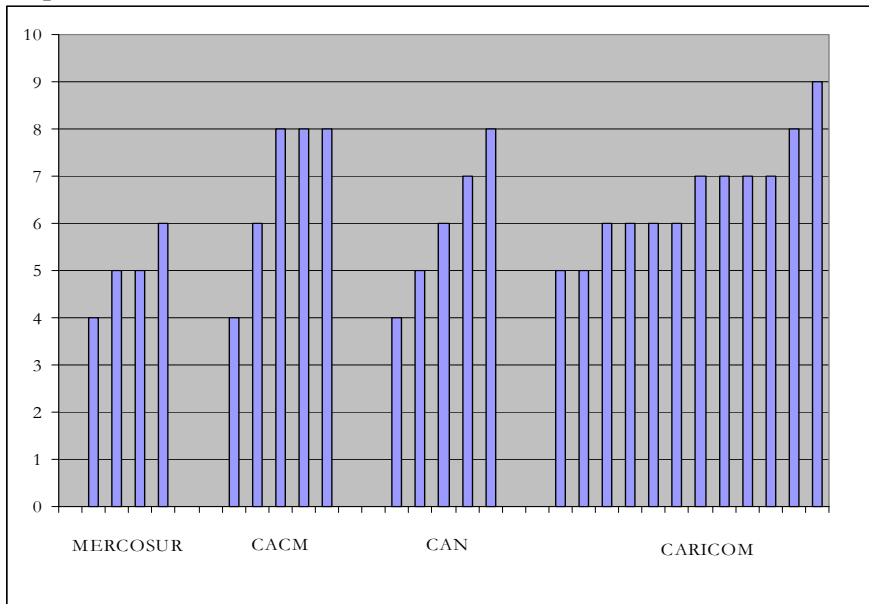
Explaining Commitment Problems in LAC Agreements

How relevant are the theoretical approaches discussed earlier, typically used to explain implementation and compliance problems in the EU, when trying to account for the sources of these problems in LAC trade agreements? Statistical analysis can be used to test empirically the hypotheses derived from the enforcement and management approaches. This analysis uses the state as the unit of analysis, which results in a dataset of 26 observations. Given the small number of observations, ordinary least squares (OLS) is used. Given the suspect validity of the number of reported complaints as an indicator of compliance, the discussion here focuses on practical implementation, as proxy for commitment. The dependent variable for this analysis is thus the IAS, measured as the progress in practically implementing regional commitments (intra-bloc liberalization of trade in goods and services, adoption of the CET and macroeconomic convergence) up to 2005.

The independent variables, their operationalization, and the data sources used in their measurement are summarized in Table 1. To test the general enforcement hypothesis that states will be more likely to implement and comply with agreements when the benefits of participating outweigh the benefits of non-compliance, I use the variable TRADE DEPENDENCE, measured in terms of export reliance on the regional market (exports to the bloc as a proportion of total exports).[16] I expect that the more dependent a state is on the bloc for placing its exports, the more committed it will be to implementing agreements. To test the realist hypothesis on the effects of POWER on compliance and implementation, I use real GDP as a proxy for economic power.[17] To test whether being a "regional hegemon" affects states' implementation behavior, I use a dummy variable (HEGEMONY) that is 1 if the country is considerably larger than its partners.[18] Domestic level hypotheses on the role of democracy are tested using the Freedom House index of political rights (FREEDOM)*[19]* and the RULE OF LAW indicator from the World Bank's governance indicators (WBI).[20] WBI Indicators are also used to test propositions derived from the management approach.

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[16] Annual intra-bloc exports as a percentage of total exports. Value for each country is the five-year average (2000-2004) of annual export dependence.

[17] GDP at constant 2000 US$ prices. Values are five -year average of annual GDP (2000-2004). The rest of the independent variables are also averaged (and lagged).

[18] Countries coded as hegemons are: Brazil (MERCOSUR), Colombia and Venezuela (CAN) and Jamaica and Trinidad and Tobago (CARICOM).

[19] See http://www.freedomhouse.org

[20] See http://www.worldbank.org/wbi/governance. Rule of law is conceptualized as "the extent to which agents have confidence in and abide by the rules of society, and in particular the quality of contract enforcement, the police, and the courts, as well as the likelihood of crime and violence."

GOVERNMENT EFFECTIVENESS seeks to capture the administrative, financial and technical capacity of the state.[21]

Finally, a number of variables are used to test the globalization and external influences hypotheses. I use two indicators to measure external vulnerability: OPENNESS, measured as exports and imports as a proportion of GDP and as current account as a percentage of GDP. To capture the impact of financial globalization and vulnerability to capital flows I use INTERNATIONAL BORROWING, measured as the value of all foreign loans and bonds.[22] The hypothesis linking the number of free trade agreements that each country has signed and its ability and incentives to implement previous regional commitments is tested with the variable FTA (the number of free trade agreements with LAC and third countries completed to December 2005). The US dummy variable is 1 if the country has an agreement with the US.

Table 1
Summary of Hypotheses, Variables and Data Sources

Theoretical Approach	Variable	Measure	Source
1. Enforcement	Trade dependence	Intra-bloc X/Total X	BADECEL, WDI
	Power preponderance	GDP (constant 2000 US$)	WDI
	Power asymmetry	Hegemony (dummy)	
	Democracy	Rule of Law	WBI
2. Management	State capacity	Gov. effectiveness Regulatory quality	WBI
3. Globalization & Vulnerability	Trade openness	Exports + Imports/GDP	BADECEL, WDI
	Current account	CA/GDP	WDI
	Financial vulnerability.	International Loans + Bonds	WDI
	Proliferation of PTAs	N. of PTAs signed to 2005	WTO
		FTA w/US (dummy)	

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[21]Governance effectiveness is conceptualized as "the quality of public services, the quality of the civil service and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies."

[22] See Leblang (1997).

Results are reported in Table 2. Models 1 and 2 test the two conventional approaches, enforcement and management. Models 3-5 add the globalization and vulnerability variables to test the claim that globalization affects implementation levels. The empirical results suggest, first of all, that there is not a significant relationship between economic power and implementation achievements. POWER, operationalized as GDP is not significant in models 1 and 2. These results challenge neorealist-inspired hypotheses on power preponderance and commitment to international agreements. By contrast, the dummy variable HEGEMONY is significant in all specifications of the model, suggesting that regional hegemons tend to be more committed than their weaker partners.[23] Controlling for other factors, being a regional hegemon improves the implementation score in about 1.8 points (Model 4).

Second, and consistent with the enforcement approach, the empirical analysis shows that there is a positive relationship between TRADE DEPENDENCE and implementation achievement. This suggests that the greater the export reliance of a state on the regional market, and thus the greater the expected benefits of being a member of the bloc, the greater a member state's commitment to implementing regional agreements. The substantive impact of this variable on the index of implementation is nevertheless quite small: a 1% increase in trade dependence results in an increase of less than 0.04 in the implementation achievement score.

Third, the findings presented in Table 3 challenge conventional expectations on the role of domestic level variables, such as regime type and state capacity on implementation of regional agreements. RULE OF LAW was not found to have a significant impact on the dependent variable, when controlling for other systemic and domestic level factors (See Model 2).[24] The variable GOVERNMENT EFFECTIVENESS did not appear to have a significant effect on implementation achievement levels, either (Models 2 and 4). These could be seen as challenging the management approach argument on state capacity, although it could be well argued that other indicators of the latter could lead to more promising results. Similar results were, however, obtained using REGULATORY QUALITY and, following Borzel et. al. (2006), using real GDP per capita.

Finally, the empirical analysis supports the argument presented in this paper regarding the importance of considering the links between globalization, vulnerability and commitment to regional trade agreements. Trade openness has a positive and significant impact on implementation achievements, indicating that greater trade interdependence creates incentives for states to comply with and implement regional trade agreements. Models 3 suggests that the substantive

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[23] The fact that the coefficient of the variable hegemony is consistently significant (and has a positive sign), however, tell us nothing about the extent to which they are able to promote higher levels of implementation within their blocs. To study this, it would be necessary to use the regional organization as the unit of analysis and to explore the role of hegemony in overall levels of implementation/compliance.

[24] The same results were found using FREEDOM instead of RULE OF LAW.

impact of this variable might not be very important, however. Nevertheless, this result could be seen as providing empirical support for claims that globalization promotes regional cooperation. The variable PTA, on the other hand, is statistically significant and substantive in models 4 and 5. However, the coefficient of PTA does not have the expected sign. The results obtained would suggest that the greater the number of agreements a country has signed, the more committed it is to its original bloc. This would challenge claims that the proliferation of overlapping agreements acts to divert governments' attention and create information and capacity problems. Instead, the empirical findings suggest that multiple membership in agreements of different scopes could work to increase capacity of implementation, for example. This result could also be interpreted as suggesting that increased participation in preferential trade agreements leads to an improvement of competitiveness and hence pro-integration stance of export-oriented sectors. International borrowing, on the other hand, seems to have a negative impact on implementation achievement. However, this variable does not seem to have a significant impact on the dependent variable.

Conclusions

This paper has focused on compliance and implementation gaps in the four main regional organizations in Latin America and the Caribbean, namely, CACM, CAN, MERCOSUR and CARICOM. While frequently acknowledged, the extent and sources of these commitment problems have been under-examined. The paper seeks to take a step in that direction by applying insights from the International Relations literature, and in particular, from work on the EU. While the results presented are preliminary and the measurement and coding strategies need further refinement, the purpose is to highlight the importance of studying these issues systematically and to suggest ways in which to do this.

The paper begins by clarifying the distinction between the concepts of implementation and compliance and the different indicators that can be used to measure each of these. Preliminary data on reported complaints against member states at the regional administrative and dispute settlement bodies is presented. This data suggests that there are significant variations in within-bloc compliance levels. To measure implementation, the paper uses an Implementation Achievement Score, which assesses the progress made by each country in the LAC region towards meeting their regional trade commitments. The examination of this indicator across a sample of LAC countries suggests that overall levels of implementation are low. Although there are not significant differences in the average levels of the IAS across blocs, there are marked differences within each bloc.

To account for these cross-national differences, the paper performs a preliminary empirical analysis that tests the explanatory power of competing

hypotheses derived from International Relations theoretical debates on compliance. The results suggest that, consistent with enforcement perspectives, trade dependence on the regional market and regional hegemony are important explanatory variables for predicting implementation achievements. By contrast, limited empirical support is found for hypotheses linking regime type and state capacity with implementation. Given that the observation of the distribution of the IAS score across countries suggests that smaller states have had greater problems implementing agreements, this result could change if an alternative proxy for state capacity is used.

Most importantly, the empirical findings confirm the importance of considering exogenous factors in the examination of implementation and compliance in international agreements among developing countries. Both external vulnerability and the number of PTAs signed by a LAC country appear to have a significant effect on its implementation record. Further research will focus not only on refining the measurement and operationalization of the dependent and independent variables but also on incorporating the temporal dimension to the cross-national analysis presented here. Ultimately, however, and given the inherent inter-linkages between many of the explanatory factors considered here, there are limits to a quantitative approach to the problem of compliance and implementation. A qualitative examination of the mechanisms through which global economic forces and external power asymmetries interact with domestic level variables (not only state capacity and democratic institutions but also configurations of domestic political institutions and interests) would greatly enhance our understanding of commitment problems in RTAs among developing countries.

Table 2
**OLS Determinants of the Implementation Achievement Score for LAC Countries**
2005

			$Y = IAS$		
Independent Variables	*Model 1*	*Model 2*	*Model 3*	*Model 4*	*Model 5*
TRADE DEPENDENCE	0.026** (1.931)	0.029** (1.934)	0.036* (2.955)	0.036*** (3.035)	0.040*** (3.428)
HEGEMONY	2.032** (2.741)	2.205*** (2.909)	1.902** (2.642)	1.871*** (3.516)	1.729*** (3.069)
POWER	-0.0000 (-1.129)	-0.000 (1.090)			
GOV. EFFECTIVENESS	0.689 (1.423)			0.476 (1.232)	
REGULATORY QUALITY			0.730 (1.412)		
RULE OF LAW		0.492 (1.190)			
OPENNESS			0.032* (1.950)		
PTA				0.724*** (3.846)	1.057*** (4.028)
US					-0.938 (-1.634)
INTERNATIONAL BORROWING					0.000 (0.673)
CONSTANT	5.552*** (11.130)	5.512*** (10.961)	4.749*** (8.440)	1.701 (1.609)	0.570 (0.501)
Adj. R^2	0.26	0.23	0.343	0.533	0.54
Observations	26	26	26	26	26

OLS Regressions with two-tailed t-tests. T- statistics in parentheses. ***$p <0.01$; **$p<0.05$; *$p<0.1$.

TABLE AI: Implementation Achievement Score

	FTA	*CU*	*MC*	*Total*
MERCOSUR				**5**
Argentina	2	2	1	5
Brazil	3	2	1	6
Uruguay	2	1	2	5
Paraguay	2	1	1	4
CACM				**6.8**
Nicaragua	3	2	1	6
El Salvador	3	3	3	8
Guatemala	3	3	2	8
Honduras	2	1	1	4
Costa Rica	3	3	2	8
CAN				**6**
Bolivia	2	2	1	5
Ecuador	2	2	2	6
Colombia	3	3	2	8
Venezuela	3	3	1	7
Peru	2	0	2	4
CARICOM				**6.6**
Antigua	2	2	2	6
Barbados	2	3	3	8
Belize	1	3	2	6
Dominica	3	2	2	7
Grenada	2	2	2	6
Guyana	2	3	2	7
Jamaica	3	3	1	7
St. Kitts & Nevis	2	1	2	5
St. Lucia	2	2	2	6
St. Vincent & Grenadines	2	3	2	7
Suriname	1	1	3	5
Trinidad & Tobago	3	3	3	9

Figure A1
Distribution of IAS Scores
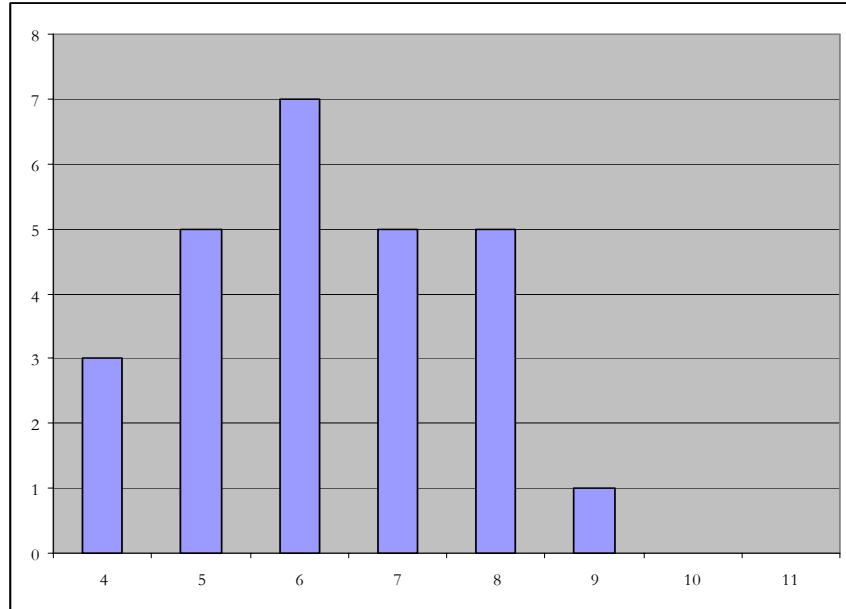
Figure A2
Average IAS by Bloc
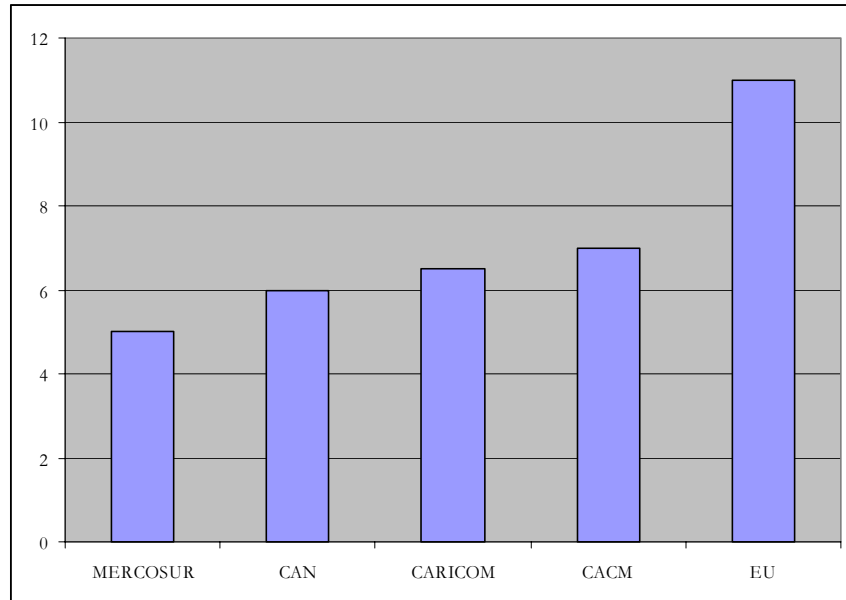
North America after NAFTA

Roberto Domínguez

Introduction

Since the inception of the European integration process five decades ago, scholars have speculated whether or not the European Union (EU) experiment can be replicated in other regions of the world. The answer has varied and a diversity of nuances between the two ends of the aisle has appeared: skepticism and enthusiasm. Fortunately, both positions present powerful arguments in their explanations. On the one hand, it has been argued that the unique features of the EU have been an impediment to comparative analysis. (Sbragia, 7-8). In this light, the EU is different because of its supranational institutions, the qualified majority system and its "governance without government, governance without money and governance without partisanship."(Sbragia, 8). However, on the other hand, the mere existence of a variety of integration processes around the world and its permanent evolution have also encouraged scholars and decision makers to debate ideas and implement policies aiming to develop distinct types of regional integration models. In this regard, how can we define the process of regionalization in North America? Is it just a trade cooperation arrangement? Are there any other impacts of NAFTA on the regional that have transformed North America?

Based on the experiences of regionalization and integration processes, this paper identifies the main transformations North America has undergone as a result of the implementation of NAFTA. The main argument is that the operation of NAFTA has set in motion a process of regionalization in North America and gradually an increasing number of policies encompass a regional dimension. In such a process, the pivotal actor is the United States, while Canada and Mexico are reactive partners who seek to defend their domestic interests as well as accommodate themselves in the regional dynamic led by the United States. The emerging regionalism in North America reflects that NAFTA has accomplished some of its goals. Nonetheless, there is an ongoing discussion with regard to the expanded agenda of the region and several proposals have been brought to the academic and political debate. In this regard, four main sections are considered to assess the regionalization of North America. The first introduces some analytical elements about the regionalization in North America; the second analyzes the

conditions for regionalization while the third refers to the effects of NAFTA and the fourth evaluates the commitment of the members to deepening regionalization.

1. Are regionalization and integration possible beyond the confines of Europe?

The literature on comparative regionalization and integration is extensive but not extensive enough to provide convincing answers to the numerous questions as to the genesis, scope and above all, the future of the multiple integration process. Some scholars have conducted research to understand the conditions that favor the formation of either supranational arrangements or intergovernmental projects; others have been seeking to explain the striking differences in the targets and contents of regional laws, while a third group of students has been concerned with measuring and explaining the efficiency of integration models. (Mattli, 2005). The variety of perspectives makes clear that comparative regional integration studies is a fertile research area and that there is a need to develop more systematic research. Thus, several variables have been taken into account to explain why countries integrate and what the main obstacles and conditions are to deepen integration processes. In a brief review of the literature, it is possible to be aware of the vivid debate on the integration in Latin America.

Based on three scholars, (Haas and Schmitter, 1964; Fawcett, 2004; Jayasuriya, 2001), we can observe at least sixteen variables that help to explain obstacles and steps forward of the integration process in Latin America. In a seminal article published in the 1960s, Ernst Haas and Philippe Schmitter suggested nine variables that are more or less consistently present in integration processes: size of units, rate of transactions, extent of pluralism, elite complementarities, governmental purposes, power of union, decision-making style, rate of transactions and adaptability of governments. More recently, Louise Fawcett considered pertinent three related issues to discuss contemporary regionalism: capacity, sovereignty and hegemony. On the other hand, Kanishka Jayasuriya has outlined four central elements of a regional project governance: a stable set of international economic strategies, a distinctive set of governance structures which enables regional economic governance, a set of ideational constructs to make possible the regional governance and the definition of region, and a convergence of domestic coalitions and political economy structures across the region (Jayasuriya, 2001).

The variety of variables taken into account reflects the complexity of the integration processes. Many of them are interrelated and are more or less relevant depending on the specific case to be studied. Some others are unrelated or less significant for specific cases. In this regard, in order to study integration processes, the sixteen variables can grouped in three main areas: a) conditions for

the integration process, b) institutional regional structure, and c) commitment of the members.

2. Conditions for Integration: North America after NAFTA

One the basic conditions for creating or deepening an integration process is the perception of benefits derived from it. NAFTA has set in motion a process of regionalization divided in two main stages: NAFTA-ization and North-Americanization. Both concepts attempt to reflect the changes in North America and are based on the concept of Europeanization, which can be broadly defined as bargains between states leading to ongoing political adjustment within states. In the case of Europe, it can refer to the reciprocal influence of European integration and the domestic politics of its member states, in either top-down or bottom-up terms. In fact, the original concept of NAFTA-ization is operational for the purposes of studying NAFTA and its reverberations in the three economies of the region. Its proponent, Mark Aspinwall, defines it as follows: "it is about political change, not about social or economic change (such as growth in migration or trade). The underlying hypothesis is that regional agreements between states set in motion a process of domestic political adjustment, which is likely to vary according to the nature of the agreement" (Aspinwall, 6).

The contribution of Aspinwall lies in the study of the effects of NAFTA in the three countries and points out that the domestic political adjustments have been more numerous in Mexico and Canada than in the United States. However, in order to reach a more comprehensive perspective of North America as a region, there is a conceptual demand to expand the themes of the agenda beyond the strict impacts of NAFTA.

Along with Aspinwall's conceptualization, from the perspective of this essay NAFTA-ization corresponds to the first stage of the regionalization of North America. In this stage, the priority is the development of mechanisms and policies aimed at increasing NAFTA related exchanges. Unlike the European model, based on a combination of supranational and intergovernmental institutions, North America has initially evolved as a region driven by the economic rationale of free trade. The Prime Minister of Canada has emphatically reiterated his view in this regard:

> To Harper (Prime Minister of Canada), "there is a clear difference between European integration, driven by that of continent's political and intellectual elites, and North American integration, driven by well, by our business elites. It's not a case of the leaders of the countries seeking to impose this upon society and upon the economy… What it is the case of is the business community, in particular, increasingly inviting us to cooperate more fully and to address a lot of inadequacies in NAFTA" (Wells, 2006).

Prime Minister Harper sheds some light about the limitations of NAFTA in comparison to the European integration. However, three comments can be made about his remarks. The first is that the concept of integration has several implications from the economic and political standpoints, namely, supranational institutions; these elements are absent in the architecture of North America. The second is that NAFTA has not been a fixed agreement frozen in time and space; conversely, it has impacted a variety of aspects in the economic and political life of the three partners beyond the strict business agenda.

Thus, the second stage of the regionalization of NAFTA is the North-Americanization of the region. Unlike the first stage, in this case, four elements play a crucial role: 1) deeper interdependence, 2) NAFTA-related political adjustments, 3) bureaucratic and civil society learning process about the region, and 4) the demands for coordination of policies (security) beyond the commercial track. Therefore, while there are no prospects of European style integration in North America, it could be argued that NAFTA has paved the way for the regionalization of North America.

On the other hand, the perceptions of the citizens play a relevant role in setting the conditions for an integration process. One of the expectations of citizens is that their opinions and political preferences will be reflected in public policies. Scholars argue from different standpoints that democracies tend to represent the common interest of their constituents. However, it is common that in the complex policymaking process there are mismatches between expectations and policies. In the case of foreign policy, sometimes the "wisdom" of politicians leads to policies that are contrary to the opinion of their constituents. The effects can be either harmful (invasion of Iraq) or beneficial (European integration) for the society affected by those decisions.

Public opinion is a helpful instrument to illustrate how citizens perceive their counterparts in the region. How, then, does public opinion perceive NAFTA and North America as a region? Based upon several surveys conducted in the three countries, a general trend indicates that public opinion tends to see negatively globalization and economic regionalization because both can affect local jobs. What is interesting is that most of the legal implementations of NAFTA have already taken place and actually economic threats such as outsourcing are more likely to occur in India or China. For instance, in the case of the United States, a 2006 survey conducted by the Chicago Council on Foreign Relations found that with regard to globalization 60% of Americans see globalization as mostly good for the United States. However, 49% of Americans say that international trade overall is bad for the environment, and 60% say that trade is bad for creating jobs within the United States. On the other hand, 67% say it is bad for job security for American workers, and 72% say that outsourcing is bad because American workers lost their jobs to people in other countries (*Global Views*, 2006).

On the other hand, a September 2004 survey conducted by Queen's University School of Policy Studies showed that 67% of Canadians found that the irritations of free trade with the United States were a cost Canada would have to pay in order to get good access to world markets (COMPAS, 2004). When asked whether their country was a winner or a loser with regards to NAFTA, a 2005 survey showed that 60% of Canadians saw their country as a loser, up from 47% in 2002. Seventy percent of Canadians support NAFTA and 75% supports increasing trade between the three countries (Weber, n.p.). In the case of Mexico, with regard to NAFTA, 70 percent of the public believes that the United States has benefited the most from NAFTA. Forty-four percent believe NAFTA has been good for the economy, 50% believe it has been good for business, and 49% it has been good for job creation. Sixty-four percent of Mexicans support NAFTA.

Beyond the theme of NAFTA, the abrasive role of U.S. foreign policy since 2003 provoked negative opinions around the world. However, in the case of its two neighbors there is a positive perception to enhance cooperation in the field of security. From the Canadian perspective, a 2005 Pew Research Center Survey (Pew Research Center, June 23, 2005) found that 59% of Canadians have a favorable opinion of the United States, down from 72% in 2002. However, in 2005, only 19% of Canadians believed that the U.S. foreign policy took the interests of their country into consideration. With regard to security, 74% of Canadians believe that Canada should adopt U.S. immigration and import control procedures to keep the border between the two countries open. In the case of Mexico, regarding terrorism, Mexicans believe that they should help in the War on Terror in the following ways: permit American agents to work with Mexican agents in guarding Mexican airports, ports, and borders; increase Mexico's entrance and exit requirements for people from other countries; and increase control on the movement of goods through Mexican airports, ports, and borders.

3. Institutional Regional Structure: The effects of NAFTA

Since NAFTA came into force in 1994, there has been a vivid debate about its effects on the three countries. The explanation about it would vary based upon the ideological perspective and the selection and use of indexes, dependent and independent variables. However, the middle ground assessment would suggest that both positive and negative effects and that not all the harm in the region can be attributed to NAFTA. Table 1 summarizes the main debates about its effects.

Table 1
Debates about the effects of NAFTA

NAFTA Debate	Cavanagh and Anderson	Serra and Espinosa
Wages	11 percent slide in real wages in Mexico, manufacturing wages lower in 2000 than in 1981. 82 percent rural poverty rate in Mexico (1998) and 58 percent of Mexicans live in Poverty (1999). In 1999, wages in the factory were at $1.74 an hour, lower than the national wage of $2.12 an hour.	Wages for 1981 distorted due to over inflation of Peso, hourly wages at a factory have gained 8.4 percent over pre-NAFTA levels. Mexican firms exporting more than 80 percent of profits paid between 58-67% higher wages than average wage rate (1994-1996).
Tariffs	US Corn imports have devastated small farmers in Mexico. NAFTA requires a removal of protectionist barriers, which means there will be no protections by 2008, and the Mexico market will be flooded with US Corn.	Only a certain amount of corn will be allowed to enter Mexico duty free; the rest is subject to a tariff, which amounts to 162 percent of the US corn entering Mexico.
Unions and Labor	The globalized marketplace allows employers to suppress the rights of workers in Mexico. Attempts to unionize are met with violent crackdowns by the owners and police. The agency set up under NAFTA has been unable to hold governments or corporations responsible for their workers' rights violations.	NAFTA's side agreement on labor was always intended to protect workers' rights while preventing the use of labor-related claims as protectionism. Labor unions have had greater political independence since NAFTA, and were a factor in the election of the opposition leader in 2000.
Environment	Mexican government investment in environmental protection has declined about 45 percent since 1994, and the NAFTA committee only gives $3 million a year in funding for projects. Attempts to deal with pollution have resulted in lawsuits by corporations.	Public investment has been declining due to budgetary restraints. The trade liberalization of Mexico will eventually lead to more funding for environment protection. It is important to prevent protectionist measures that might be used to punish polluters.

Taken from: J. Enrique Espinosa, Jaime Serra, John Cavanagh, and Sarah Anderson, "Happily Ever NAFTA?" *Foreign Policy* (September/October 2002), http://www.foreignpolicy.com/story/cms.php?story_id=2458&print=1
Elaborated by: Carlyn Jorgensen

In the 1990, Mexico revealed its intention to negotiate a free trade agreement with the United States. This decision challenged "all previous conceptions of Mexico-U.S. relations" (Gustavo Vega and Luz María de la Mora, 171). Fifteen years later, NAFTA has lost its uniqueness since both Mexico and the United States have implemented a network of free trade agreements with other countries and regions. On the other hand, it has become clear that creating winners and losers is the natural consequence of the logic of free markets, and NAFTA is not the exception. Sidney Weintraub has said that "NAFTA has not been a panacea… it must be assessed for what it is…. a trade and investment agreement that succeeded in its central purpose" (Weintraub, 126).

Most of the publications in this field recognize the successes of NAFTA. Between 1993 and 2000, for instance, trade in the NAFTA region increased from $289 billion to $659 billion. Trade flows between the United States and Canada reached $411 billion and between Mexico and the United States $263 billion in 2000. Mexican exports to the United States and Canada grew by an outstanding 234 percent and 203 percent respectively between 1993 and 2002 (US Trade Representative, 2004, 2). Today, twenty-two U.S. states have Mexico as either the first or second market for their exports. For nine others Mexico is their third most important export destination (NAFTA Works, September 2004, 1). With regard to total FDI flows between the three countries, they amounted to $63 billion between 1989 and 1994; during 1995-2000, total flows increased to $202 billion, tripling in dollar volume.

On the other hand, the connection between trade liberalization and investment growth is illustrated by three sectors where commercial ties have been relatively more extensive: the automotive industry, textiles and clothing, and the electronic industry. "In these three sectors, deeper integration is clearly evident between the three economies" (Gustavo Vega-Cánovas, 3).

However, despite the success indicated by the macroeconomic data, some criticisms emerge in the interpretation of these numbers. For instance, "In the 12 years since NAFTA was ratified, the yearly U.S. trade deficit with Mexico and Canada has grown from $9.1 billion to $110.8 billion" (Meyerson, 2005). In this vein, a study conducted by the Carnegie Endowment for International Peace shows the following findings: a) NAFTA has not helped the Mexican economy keep pace with the growing demand for jobs (500,000 jobs were created in manufacturing from 1994 to 2002, while the agricultural sector has lost 1.3 million jobs since 1994); b) real wages for most Mexicans today are lower than when NAFTA took place (caused by the peso crisis); c) there has been an increase in the number of migrants to the United States (although not necessarily as a result of NAFTA) (Audley, Papademetriou, Polaski, and Vaughan, 2003. 4-7).

From the U.S. government's perspective, officials have admitted the qualified success of NAFTA. As one U.S. official pointed out, "In fact, the result is that NAFTA has been virtually job neutral. Given what most reputable econo-

mist say about the employment effects on NAFTA, that finding is not surprising" (Aldanas, 2004, 7).

Perhaps one of the assessments in which most of the analysts agree is with regard to Mexico. Whereas wages in Mexican export-related industries are 37 percent higher than the rest of the economy, (US Trade Representative, July 1, 2004), the gap that existed when NAFTA came into effect widened instead of narrowed. In 2001, seven years after the implementation of NAFTA, "Mexican manufacturing salaries went from $2.10 an hour versus $11.7 an hour in the United States to $1.90 an hour versus $13.80 an hour in the United States" (Bensusán, 2004, 126). In March 2005, in the context of the Tri-national Summit, Harold Meyerson stated: "Since NAFTA was enacted, real wages for Mexicans have declined, the nation's poverty rate has increased, and illegal immigration to the United States has soared. For both Mexican and American workers, NAFTA has been a lose-lose proposition. For the U.S. corporations that have outsourced their work to Mexico, though, NAFTA has been a clear profit center" (Meyerson, March 30, 2005).

Other less quantitative affects should not be overlooked. NAFTA is a very detailed and precise agreement, containing 22 chapters and numerous annexes establishing the obligations of member states. NAFTA creates strong pressure to harmonize tariffs, update rules of origin and harmonize other standards in order to promote trade. Legal changes were required in all three member states as a result of NAFTA. The three countries scheduled changes in order to implement NAFTA provisions. Some examples are the provisions in Chapter 19. However, Mexican adjustments were more profound. For instance, national laws were changed in areas such as telecommunications, intellectual property rights, automotive sector, competition, monetary policy, inward investment, and others (Aspinwall, 2007, 7-8). To some extent, this is what Clarkson called the "Americanization of Mexican Law (Clarkson, 2002, 25-26).

With regard to the side agreements, most scholars agree that the environmental one - the North American Agreement on Environmental Cooperation (NAAEC) (North American Commission for Environmental Cooperation, 2005)- has had a limited impact on the region since it was not designed to significantly reverse the environmental consequences of economic growth in Mexico. However, it may be taken into account as a pilot project to examine the effectives of institutions designed for Mexico and other nations where trade-led growth needs to be channelled in a more environmentally-friendly fashion.

One of the parameters for assessing the environmental side agreement is through its institutional performance. The NACEC has two mechanisms that provide additional means to monitor the enforcement of environmental laws in North America. The first mechanism is through Article 14 and 15. Under this mechanism, 43 cases have been filed under articles 14 and 15 as of February 2004. There were 7 active files against Mexico, 4 against Canada, and none against the United States. With regard to the closed files, 14 were against Mex-

ico, 10 against Canada and 8 against the United States (Council for Environmental Cooperation, June 15, 2004). The second mechanism is Article 22, which allows any of the three NAFTA governments to enter into a dispute resolution process with parties that persistently fail to enforce environmental laws. According to Article 22, nations found in violation can be fined and after a long process can eventually have NAFTA privileges suspended. However, this Article has never been invoked (Gallagher, 2004, 77).

In addition to the mechanisms, few NACEC's programs have modestly contributed to increased funding, monitoring, and citizen participation. NACEC's Fund for Pollution Prevention Projects in Mexican Small and Medium Size Enterprises (FIPREV), and its North America Fund for Environmental Cooperation (NAFEC) are both sources of funds for industry and communities (Ibid, 75). In light of the modest contributions of the environmental side agreement, Hufbauer and Schott have stated that "without NAFTA, the Mexican government would have had less incentive to pass environmental legislation or to improve its enforcements efforts, and the achievements, modest though they are, of Commission on Environmental Cooperation, NADBank, and BECC would not exist"(Hufbauer and Schott, 2002).

On the other hand, the Commission for Labor Cooperation was created under the North American Agreement on Labor Cooperation (NAALC) (North American Agreement on Labor Cooperation, January 23, 2005). The outcomes of the NAALC have been rather disappointing due to both their design as well as implementation. Some of the obstacles are the following: a) there is no intent to harmonize worker's rights, which allows each country to maintain its respective comparative advantages; b) there are no independent powers to supervise national authorities in the enforcement of labor laws and regulations; c) restrictions on protecting the 11 NAALC principles limit the application of sanctions to only three cases (child labor, minimum salaries, and safety and hygiene standards in the workplace) and leave collective rights unprotected; d) slowness of the arbitration process, and e) procedural disparity in each of the National Administrative Office (NAO) (Bensusán, 128-129).

The NAOs have received a total of 25 complaints. The distribution of the total number of complaints by country from 1995 to 2001 supports the initial assumption that Mexico is the country with the greatest challenges in complying with labor laws (16 complaints), followed by the United States (7 complaints) and Canada (2 complaints). The decrease in the number of complaints (4 in 1994, 1 in 1995, 2 in 1996, 3 in 1997, 10 in 1998, 2 in 1999, 1 in 2000, 2 in 2001, and none in 2002) demonstrates the loss of interest by trade union organizations in Mexico and the United States in testing the effectiveness of this instrument. In 1998, the NAALC became more dynamic because of the intensification of transborder labor union cooperation (Bensusán, 130).

Some of the concrete achievements resulting from the labor agreement are: pressure on Mexican authorities to implement a public registry of collective contracts; the imposition of a fine by Mexican authorities against a company (Hang Young) due to a violation of safety and hygiene standards; easing of the pregnancy testing requirement in *maquiladoras*; easing the practice of denouncing a worker's migratory status by work inspectors in the United States (Bensusán, 131).

4. Commitment of the Members: Security and Prosperity Partnership

At the decision-making or governmental level, the prescription is that North America needs a cautious adaptation. On March 23, 2005, Presidents Bush and Fox and Prime Minister Martin announced the establishment of the "Security and Prosperity Partnership for North America" (White House, March 23, 2005). Unlike lofty official declarations, it is remarkable that ministerial-level working groups were established to identify concrete, measurable and achievable steps towards the Partnership's goals. By June 2005, the ministers will issue their initial reports and thereafter the groups will report semi-annually.

One of the most relevant statements of the Partnership is the "Two-Speed European Style." The document considers that "The Partnership is trilateral in concept; while allowing any two countries to move forward on an issue, it will create a path for the third to join later." Likewise, the official proposal does not include any reference to migration or institutional development of any kind.

As indicated in its title, the North American partnership is divided into two sections. The first focuses on common security encompassing the following aspects: a) implementing common border security and bio-protection strategies; b) enhancing critical infrastructure protection, and implementing a common approach to emergency response; c) implementing improvements in aviation and maritime security, combating transnational threats and enhancing intelligence, and d) implementing a border-facilitation strategy to improve the legitimate flow of people and cargo. The second part of the partnership highlights four aspects of economic prosperity: a) improving productivity through regulatory cooperation to generate growth; b) promoting collaboration in energy, transportation, financial services, technology; c) reducing the cost of trade through the efficient movement of goods and people; and d) creating safer and more reliable food supply while facilitating agricultural trade and enhancing the stewardship of the regional environment.

It is interesting to note that the in the process of regionalization the trilateral annual meetings have become part of the agenda. The last meeting of the leaders was held in Cancun, Mexico, in March 2006, and the next meeting is set for sometime in 2007 in Ottawa, Canada. In Cancun, the three leaders discussed economic integration of the three countries, border security, energy security, emergency management, strengthening competitiveness through the North

American Competitiveness Council, and preparing for the Bird Flu and other pandemics.

As a preface of the trilateral meeting in Canada, in February 2007 in Ottawa, U.S. Secretary of State Condoleezza Rice, Canadian Minister of Affairs, Peter MacKay, and Mexican Secretary of Foreign Relations, Patricia Espinosa, met to discuss the issues they felt were important for the upcoming summit. The issues they discussed included public health problems, environmental threats, natural disasters, clean energy, and combating criminal organizations. At a press conference, Secretary Rice stated that the United States and Mexico are concerned about each other's prosperity, and that in order to solve the problem of illegal immigration into the US, it is important to bring prosperity and development to Mexico so Mexicans can work in their country and provide for their families. The three also answered questions about Iran and the role of Canada and Mexico in the War on Terror.

Although it is still early to asses their scope, there are three intergovernmental regional institutions that may catalyze the interconnections in the area. The first is the North American Competitiveness Council, which was created to consider issues that could be addressed on a trilateral or bilateral level, provide long-term advice, provide input on compatibility of the security and prosperity agendas, and offer ideas on the private sector's role in promoting North American Competitiveness.

The second is the North American Energy Working Group- this was organized in 2001 and incorporated as part of the SPP in March 2005. The NAWEG has nine expert groups working on areas such as electricity, energy efficiency, hydrocarbons, natural gas trade, nuclear collaboration, oil sands, regulatory experts, and science and technology. The third is the North American Steel Trade Committee (NASTC) - this was formed in 2002, and incorporated into the SPP into March 2005. The NASTC is supposed to direct and launch a North American steel strategy to deal with the global steel market and government interference into it. It is supposed to work with the Organization for Economic Cooperation and Development (OECD) to eliminate distortions negatively affecting the North American steel markets.

Final thoughts

Twenty years ago, the intent of this article perhaps would be centered on the problematic cooperation between North and South as reflected in the relationship between Mexico and the United States. A decade ago, the inquiries might have been focused on the uncertainties of the nascent North American Free Trade Agreement. In 2008, it is accepted by most scholars and decision-makers that NAFTA must be revisited.

The options for North America analyzed in this paper resemble the old and new European debates about regional integration. On the one hand, there are the skeptical ideas which reject regional formulas entailing any evolution beyond free trade. Historically, sooner or later, such ideas eroded and were eventually replaced by more integration-oriented approaches in the European experience. On the other hand, regionally oriented perspectives that privilege collective solutions for facing the challenges of an interdependent world have shown that integration is possible. A similar debate along these lines is currently taking place in North America.

Despite the disagreements in the proposals for North America, there is also some consensus that we can foresee as taking place in the short term. A "selective customs union" and further cooperation in the security seem to be at the forefront of the pragmatic agenda. Other attempts in this direction may have already started in an embryonic fashion, such as the reports to the three Executives that will be delivered next June in the context of the North American Partnership. Perhaps in 2010 the substance of a seminar like this will be different, hopefully more focused in deepening integration in North America.

CARICOM: Coming of Age?

Wendy Grenade

Introduction

The contemporary global political economy is characterized by synergies and dichotomies between globalism and regionalisms. While this is not new, it has taken on added currency in recent years with the intensification of globalization and trade liberalization. As Hettne and Söderbaum (2002:33) contend, regional integration is "…a complex process of change simultaneously involving state as well as non-state actors and occurring as a result of global, regional, national and local level forces." For them, regions are viewed as "emerging phenomenon, ambiguously both forming part of and driving, as well as reacting against and modifying the global order." The European Union (EU) is the most advanced and sophisticated regional project and provides a useful reference point, as a model of governance beyond the sovereign state. This paper argues, however, that the motivation for regionalism in the North is different from that in the South. As Hettne et al (2001: 5) remind us, core regions are coherent, politically strong, well organized at the supranational level, not only economically growing but leading in technological innovation. Core regions are 'policy-makers' which organize for the sake of being better able to control the rest of the world, the world outside of their own region and compete among themselves in exercising this influence. Peripheral regions are 'policy-takers' since they are politically more turbulent and economically more stagnant. Consequently they have to organize in order to stop the threat of marginalization. At the same time their regional arrangements are fragile and ineffective.

Therefore, for the developing world, regional integration is both necessary and problematic. While this is not new, global forces have generated renewed urgency for integration in the South. Within this context the paper examines the Caribbean Community (CARICOM).[1] As the Caribbean seeks to navigate the

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[1] Four member states signed the initial Treaty of Chaguaramas which established CARICOM in 1973: Barbados, Guyana, Jamaica and Trinidad and Tobago. In 1974 CARICOM widened to include thirteen states: Antigua and Barbuda, Belize, Dominica, Grenada, Montserrat, Saint Kitts and Nevis, Saint Lucia, and Saint Vincent and the Grenadines. The Commonwealth of the Bahamas became the thirteenth member state in 1983, Suriname, the fourteenth in 1995 and Haiti, the fifteenth in 2002.

global environment regional integration continues to be a necessary imperative. As such there have been concrete steps toward deeper integration, for example, the establishment of the Caribbean Court of Justice (CCJ) and the launch of the Caribbean Single Market (CSM) in 2005 and 2006 respectively. Yet, despite those visible attempts to deepen integration, the emerging institutional design still caters for a minimalist[2] form of integration. The paper argues that after thirty-four years, the Caribbean is coming of age, but with inherent deficiencies.

The paper is structured in three parts. Following this introduction the first section examines some theoretical imperatives. Second, it analyses the current state of Caribbean integration, mindful of the significance of the EU model as a frame of reference. The final section offers conclusions and suggestions for further research.

Theoretical Imperatives

There is an ongoing debate as to what is 'regionalism' and 'regionalization'. The New Regionalism Theory (NRT) distinguishes between these two concepts. On the one hand, 'regionalism' represents the body of ideas, values and concrete objectives that are aimed at creating, maintaining or modifying the provision of security and wealth, peace and development within a region. On the other hand, 'regionalization' denotes the empirical process which can be defined as a process of change from relative heterogeneity and lack of cooperation towards increased cooperation, integration, convergence, coherence and identity in a variety of fields such as culture, security, economic development and politics within a given geographic space (Schultz, et al., 2000:5).

Regional Integration and Development

Scholars in the developing world have often stressed the relationship between integration and development. As Axline (1977) indicates, while classical theories have been successfully applied to Western Europe, in the case of the developing world, an understanding of regional integration requires a different theoretical approach born out of an understanding of the world's political economy. In this context, regional integration is viewed as 'collective self reliance' which provides member countries with a stronger platform with which to interact with the global economy and pursue relations with other groups and countries. This perspective underscores the point that regional integration is not an end in itself but can be evaluated in terms of its contribution to development.

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[2] Term adapted from Selwyn Ryan who refers to 'minimalist' and 'maximalist' in the context of the reform of the Westminster system in the Caribbean. See Selwyn Ryan (1999).

With the emergence of the NRT the concept of 'development regionalism' has gained potency. There are seven main arguments for development regionalism. First, is the *sufficient size argument*. That is, regionalism is imperative, particularly in the case of micro-states which either have to cooperate to solve common problems or become client states of the 'core countries'. Second, the NRT agues that *self-reliance* is rarely viable on the national level. However, it may yet be a feasible development strategy at the regional level, if it is defined as coordination of production, improvement of infrastructure and making use of complementarities.

Third, NRT holds that economic policies may be more stable and consistent if underpinned by regional arrangements which cannot be broken by a participant country without some kind of sanctions from the others. This refers to the *credibility argument*. Fourth, *collective bargaining* on the regional level could improve the economic position of marginalized countries in the world system, or protect the structural position and market access of successful export countries. Fifth, regionalism can counter the disruptions caused by globalization and uneven development, reinforcing societal viability by including social security issues and an element of redistribution in the regionalist project. Thus the *social stability* argument refers to the allocation of regional funds to support less developed economies within the regional movement.

Sixth, regional *environmental security* complexes constitute imperatives for regional cooperation. Finally, successful regional conflict resolution could eliminate distorted investment patterns, making resources locked in the 'security fund' (military expenditures) available for more productive use (the peace dividend argument). As such, regionalism can become a factor counteracting hegemony and preventing non-democratic trends in the periphery (Hettne, et al 2001:36-37).

Against this background, the large question is, what type of regional projects are emerging in the South in the contemporary era and to what extent are they modelled after the EU? The following section uses the case of the CARICOM to discuss these questions.

The Case of the Caribbean[3]

Any discussion of Caribbean integration, must take into account the historical legacy of the region. The Caribbean territories began their association with modern society as "the pawn of European power politics" or in other words as the "appendage" or "satellite" of European imperialism (Williams, 1970:69). As European imperial power waned and the Cold War began the United States claimed

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[3] For purposes of this chapter the Caribbean refers to the fifteen member states of the Caribbean Community: Antigua and Barbuda, Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Haiti, Jamaica, Montserrat, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Suriname and Trinidad and Tobago.

the Caribbean region within its special sphere of influence. Three distinct historical legacies can be identified: economic dependence, an adversarial political culture and social relations based on class and race. The historical development of the region has produced a civilization of a special type. The region is simultaneously characterized by unity and diversity. Yet it is an area characterized by "instability; political and economic fragmentation; constitutional diversity; economic, psychological, cultural and in some cases political dependence; large-scale unemployment; racial tension; potential religious conflicts and the restlessness of youth…" (Williams, 1970:503). Therefore, regional integration becomes both necessary and problematic.

A major challenge is in the area of intra-regional trade. Given historical factors, Caribbean economies trade more with Europe and the United States than with one another. For example, CARICOM's intra-regional exports, as a percentage of total exports – which is an index of integration – for the years 1975, 1980, 1985, 1990 and 2000 was 8.54 percent; 8.92 percent, 12.99 percent; 12.37 percent and 15.7 percent respectively. When compared to other regions this is relatively minuscule. For example, intra-regional exports as a total percentage of total exports in the NAFTA region climbed from around 30 percent in 1982 to 58 percent in 2002 (Pastor, 2005:5).

Uneven development is another factor. Trinidad and Tobago is the dominant exporting country in the CARICOM region. Between 1981 and 2001 that country exported 56.7 percent of total intra-regional exports. Other major exporters were the Organization of Eastern Caribbean States (OECS)[4] with 14.1 percent; Barbados with 12.2 percent; Jamaica with 10.4 percent and Guyana with 4.2 percent. During the same period, Jamaica was the dominant importing country in terms of intra-regional trade, with approximately 20.9 percent. The OECS contributed 29.9 percent of total intra-regional imports; Barbados 17.8 percent; Trinidad and Tobago, 16 percent and Guyana, 11.3 percent (CARICOM, 2005:115-116). What this suggests is that intra-CARICOM trade centres largely around Trinidad and Tobago and Jamaica which are the two largest economies. It is necessary to note that given small size the CARICOM region has relatively limited capacity to exploit economies of scale.

The Early Federal Experiment

Although there were very early attempts at integration,[5] the West Indian Federation (1958-62) among ten former British colonies is usually cited as one of

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[4] The OECS comprises Antigua and Barbuda, Dominica, Grenada, Montserrat, St. Kitts and Nevis, St. Lucia and St. Vincent and The Grenadines.

[5]For example the 1833-1958 Windward Island Federation (Grenada, St. Vincent and the Grenadines, St. Lucia and Tobago) and the 1871-1956 Leeward Island Federation (Antigua and Barbuda, Montserrat, St. Kitts/Nevis/Anguilla and Dominica)

the key moments in the process of Caribbean integration. This early experiment was part of a wider British project which was aimed to curtail the costs of empire for a weakened post-war Britain while seeking to minimize the impact of decolonialization on the small island economies unable to survive on their own. However, a convergence of factors led to the early demise of the Federation in 1962.   Writers have cited many political, economic, socio-cultural and geographic factors for the short-lived federal venture (Lewis, 1968; Williams, 1970). One such factor was the position of the Jamaica Labour Party which led to a referendum and that country pulling out of the Federation.

There was also lack of any great commitment by local politicians to cede power to the center. In essence, there was unwillingness of insular political leaders "to have the spotlight shifted from them to the federal leaders" (Williams, 1970:513). Instead what emerged in the twentieth century was a fierce sense of nationalism where political leaders had a desire for independence and not to belong to a supranational organization. This was influenced by developments in the post emancipation period which saw the rise of nationalist movements in the Caribbean. The early demise of the Federation has left a psychological scar which has contributed to the relatively slow pace of integration.

CARICOM: Stepping into or sliding out of the Future?

At the end of 2006 Edward Seaga, the former prime minister of Jamaica, commented on what he referred to as "CARICOM sliding out of the future." [6] According to Seaga, at the present level, the Caribbean Community (CARICOM) functions in "pieces and patches" without any overriding authoritative machinery. He observed that all major decisions are made in the "round-about process of agreement", first at the level of the cabinets of member governments, then regional Heads of Government meetings. Seaga noted that while participating governments are willing to meet at the level of Heads of Government and arrive at a consensus on issues, they are not willing to cede absolute authority on vital issues which will affect their home base. Seaga observed that CARICOM's answer to the lack of authoritative leadership is the [proposed] establishment of a CARICOM Commission with super powerful public officials appointed to take decisions in prescribed matters "as if they were a single regional CARICOM Cabinet overriding the national executive of member countries."[7] He cautioned, however, that anyone who believes that this would work does not understand the psyche of Caribbean leaders nor, indeed, the people. Seaga continued to make the point that those who argue for this structure point to the functioning, workable example of the EU. They considered that the

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[6] Edward Seaga. 'CARICOM Sliding out of the future." *Jamaica Gleaner.* December 31, 2006. (http://www.jamaica-gleaner.com/gleaner/20061231/lead/lead8.html) accessed January 19, 2007.
    [7] Ibid.

success of the EU means that CARICOM can work in that way. But, in Seaga's view, the EU is a relatively homogeneous group of nations with all members having broadly similar levels of development. Wide dissimilarities are ruled out in the membership process for admission. Member countries have to ensure that they meet the minimum criteria for membership. He compared CARICOM today to the early demise of the West Indian Federation in 1962 and cautioned that CARICOM is likely to face "a slide, not a climb, in the future." [8]

To what extent does Seaga's pessimism reflect CARICOM's reality? CARICOM's Secretary-General, Edwin Carrington (2006), shares a different view. He points out that the recently launched Caribbean Single Market (CSM)[9] is the "most ambitious undertaking" that CARICOM has ever attempted. Carrington acknowledges that the challenge to sustain Caribbean development remains as formidable as ever. However, he contends that CARICOM is "not lying down in the face of those challenges. [Instead] the Caribbean is putting its house in order even as it reaches out to strengthen its ties with its traditional partners and to develop stronger links with the new ones…"

The above represent two extreme views. This paper seeks to offer a balanced account of the state of Caribbean integration. To do so, this section looks at the three goals of CARICOM as outlined in the 1973 Treaty of Chaguaramas: economic integration; functional cooperation and foreign policy coordination.

Economic Integration

Economic integration is problematic for CARICOM. The 1973 Treaty of Chaguaramas provided for a common market which never materialized within the first thirty years of CARICOM. Cognizant of global imperatives, CARICOM Heads of Government through the 1989 Grand Anse Declaration decided on a Caribbean Single Market and Economy (CSME) 'in the shortest possible time'. After several setbacks the Caribbean Single Market (CSM) was launched in 2006 and the single economy is scheduled to come on stream in 2015. According to CARICOM (2005:245) some of the key elements of the CSME include:

♦ The free movement of goods and services (currently over 95 percent of goods move freely across the region);

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[8] Ibid.

[9] On January 30, 2006 six CARICOM member states – Jamaica, Barbados, Belize, Guyana, Suriname and Trinidad and Tobago signed the formal declaration signalling the launch of the CARICOM Single Market (CSM). In June of that same year, other member states, with the exception of Haiti, Montserrat and The Commonwealth of The Bahamas, became members of the CSM.

♦ The right of establishment, to permit the establishment of CARICOM-owned businesses in any member state without restrictions and on the same terms as national enterprises;

♦ A common external tariff, which is a rate of duty applied by all member states of the single market on entry of a product from a country, which is not a member of the single market;

♦ Free circulation – which refers to the free movement among member states of goods imported from extra-regional sources. This would require collection of duties only at first point of entry into the single market and the establishment of arrangements for sharing of customs revenue collected from these goods among the countries to which they are consigned (this aspect is still to be developed);

♦ A common trade policy which refers to agreement among the members on matters related to internal and international trade and a coordinated external trade policy negotiated on a joint basis;

♦ Free movement of labor which involves the removal of work permits,[10] hassle-free travel, providing for the transfer of social security benefits, harmonizing social services, such as education and health and establishing common standards and measures for accreditation and equivalency of qualifications and skills. In the first phase the free movement of persons is restricted to the following categories: university graduates, media workers, sports persons, musicians, artistes, managers, supervisors and other service providers. [Teachers and nurses were added to the list in 2006].

♦ Harmonization of laws which include the harmonization of company, intellectual property and other laws;

♦ Economic policy measures to include coordinating and converging macro-economic policies and performances; harmonizing foreign investment policy and adopting measures to acquire, develop and transfer appropriate technology;

♦ Monetary policy measures which involves coordinating exchange rate and interests rate policies as well as the commercial banking market; and

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[10] A CARICOM passport has been designed and Suriname was the first member state to issue one in January 2005.

♦ Fiscal policy measures to include coordinating indirect taxes and national
budget deficits.

Since the CSM is in its infancy it is too early to assess its viability. However
while it has the potential to benefit the region in the long term, there are some
initial challenges. For example the smaller economies which comprise the OECS
delayed entry into the CSM on the question of development fund. Chapter seven
of the Revised Treaty of Chaguaramas (2002:93) makes provision for
disadvantaged countries, regions and sectors. Article 142 (1) states:

> The provisions of this Chapter shall have effect for the purpose
> of establishing a regime for disadvantaged countries, regions and
> sectors within the framework of the Treaty as well as a special
> regime for the Less Developed Countries in order to enhance
> their prospects for successful competition within the
> Community, and redress, to the extent possible, any negative
> impact of the establishment of the CSME.

The NRT does argue that social stability is a key aspect of development
regionalism. It advances the idea that development regionalism includes the
allocation of regional funds to support less developed economies within the
regional movement. However, unlike the EU, CARICOM is a grouping of small
developing countries and although the Revised Treaty provides for a develop-
ment fund, the pressing question is, who would fund the development fund? To
date Trinidad and Tobago and Barbados have made modest commitments to the
fund and the Caribbean Development Bank is working out modalities for its
implementation. But this is a troublesome issue for CARICOM.

The Girvan Report – Toward a Single Economic Space and Development Vision

In terms of the way forward, at its Eighteenth Inter-Sessional Meeting held in
February 2007, CARICOM Heads of Government adopted a paper entitled
"Towards a Single Economy and a Single Development Vision" as a framework
for the further elaboration of the single economy, with the understanding that
refinements will have to be done in time for final sign off at the Regular Meeting
of the Conference in July 2007. It was agreed, however, that the Single Vision
would be used as the basis for a comprehensive development plan (CARICOM,
2007). The 'Girvan Report', as it is called, recommends a single development
vision for sustainable development which should be holistic; encompassing
development in all its dimensions – economic, social, environmental and
governance dimensions (Girvan, 2006:8). The Report suggests sequencing of the
CSME as follows:

Phase I (2005-mid 2008) consolidation of the single market and initiation of the single economy. Phase II (2009-2015) consolidation and completion of the single economy. This phase will include –

- ➢ implementation of common policies in energy related industries, agriculture, sustainable tourism and agro-tourism, transport and small and medium enterprises;
- ➢ Harmonization of taxation systems, incentives, and financial and regulatory environment;
- ➢ Harmonization of fiscal and monetary policies;
- ➢ Implementation of Regional Competition Policy and Regional Intellectual Property Regime;
- ➢ Implementation of CARICOM Monetary Union.

This is ambitious, particularly monetary union, given the vast differences in the various currencies within the CARICOM region (See Table 1.).

Table 1
CARICOM Currencies

Country	Currency	Equivalency to the US$1
The Bahamas	Bahamian dollar	Bah$1
Barbados	Barbadian dollar	Bar$2
Belize	Belizean dollar	BZ$2
Guyana	Guyana dollar	G$195.34*
Haiti	Gourde	G41*
Jamaica	Jamaican dollar	J$58.24*
Suriname	Suriname Guilder	SF$2,540**
Trinidad and Tobago	Trinidad and Tobago dollar	TT$6.2**
The OECS	East Caribbean dollar	EC$2.7

*Floating (2003)
**Floating (2002)
(Source: CARICOM Secretariat, 2005: 405)

As is the case in the EU, monetary union takes time, given currency differentials. Also, a country's currency is an important aspect of its sovereignty. Currently of the EU-15 Britain, Denmark and Sweden are still not members of the euro zone. CARICOM will do well to draw insights from the EU in this regard.

Despite limitations, the Girvan report (2006:6 - 8) notes that the expected benefits of the CSME include "greater efficiency in both the private and public sectors, higher levels of domestic and foreign investment, increased employment, and growth in intra-regional trade and of extra-regional exports. However it points to three caveats:

1. The CSME cannot be 'all things to all men'
2. [CARICOM] should be careful not to expect or promise more from the CSME than it can realistically deliver, so as not to create disappointment at a later stage
3. Most of the development effort of member states will continue to be made nationally and sub-regionally which is where much of CSME implementation will take place. The CSME will not substitute for national strategies rather it will complement them.

The Report observes a major challenge which relates to the disconnect between the people and the regional project. It refers to an 'information deficit' among the citizens of the Community. The Report notes that some citizens are cynical about the slow pace of implementation [of the CSME], while others are apprehensive about the possible adverse effects of increased competition for jobs and markets. The Report goes on to state that the people of the Community need to be assured that the economic benefits of integration will be broadly spread across and within countries, as well as across social groups. They also need to be assured that integration will make a difference to 'quality of life' issues such as crime, health and education (Girvan, 2006:6-7). In the case of the EU similar concerns have been raised. Yet despite concerns, Arthur argues that:

> The creation of a Caribbean Single Market and Economy is a historic necessity which must be brought to full fruition, no matter how arduous the task may at times appear, how negligible the immediate returns, or how vast the pitfalls and obstacles that threaten to ensnarl it. It offers the societies of the region, individually and collectively, the only realistic and viable option by which to achieve sustainable development, and in the process the prospect of erasing the two great economic deficits which confront the region at the start of this new century.[11]

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[11] Owen Arthur. "Implementation of the CARICOM Single Market and Economy, and its Implications for US-CARICOM Economic relations." Feature Address to the American Business and Consulting Group Special Symposium, Brooklyn, New York, April 2, 2004

However, some commentators question the viability of a single market and economy without steps toward greater polity unity. Gonsalves (2004) poses a critical question: "Does not the single economy require the creation of an appropriate supra-national entity to which there ought to be a transfer of a measure of sovereignty, in its pooling, similar, though not necessarily identical, to that of fashioning the European Union?" [12]   Gonsalves (2004a) further elaborates:

> The course we have taken to view CARICOM as a community of independent sovereign states, that is, if we proceed without a supranational authority to which some measure of sovereignty is transferred to direct the operation we can still succeed but it will take much longer and there will be greater pain and frustration. We have chosen to proceed in the most difficult way to a single market and economy. We ought to do it the way the Europeans have done it, to transfer some measure of sovereignty to a supranational entity through a single law in the independent states and have that particular supranational entity provide directives to drive the CSME.   Instead, what we are seeking to do is to see if whilst we are being a community of independent states that we can have a measure of supranationality without in fact creating a central supranational authority…

Brewster (2003) also questions whether a Single Market and Economy is realistic without some measure of political unity. He also cites the EU model as a reference point for CARICOM. Therefore, a weakness of the CSME relates to the institutional arrangements which should be in place to facilitate deeper economic integration. The establishment of the Caribbean Court of Justice (CCJ) in 2005 as a dispute settlement mechanism is a step in the right direction. However more needs to be done. Recognizing this deficiency, in 2003, through the Rose Hall Declaration, CARICOM Heads of Government took the initiative to develop a system of 'mature regionalism' in which critical policy decisions will have the force of law throughout the region as a result of the operation of domestic legislation and the revision of the Treaty of Chaguaramas and the authority of the CCJ in its original jurisdiction, taking into account the constitutional provisions of member states.   Since 2003 a number of committees have been set up to advance the Rose Hall Declaration, which decided on the need for an Executive Commission to address what the West Indian Commission (1992:54) referred to as "the implementation paralysis" within CARICOM.
Currently the Report of the Technical Working Group (TWG) on Governance on 'Managing Mature Regionalism, is on CARICOM's agenda

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[12] Ralph Gonsalves is the current Prime Minister of St. Vincent and the Grenadines.

(Lewis, 2006). The Report indicates that "A critical element in the effort to advance the integration process is the need to devise suitable structures of regional governance to manage an integrated economic space. This must be based on a pragmatic approach to regional decision-making, since the promotion of the goals of economic integration presupposes an increasing degree of political consensus aimed at   facilitating the achievement of agreed objectives." The Report recommends a CARICOM Commission comprising three members and a President to "exercise full executive responsibility for the implementation of decisions relating to the CSME and any other areas of the integration process as the Conference of Heads of Government may from time to time determine and to initiate proposals for Community action in such areas" (Lewis, 2006:2). The TWG also recommends the abolition of the Community Council. Instead it proposes that the various sectoral ministerial councils should be directed by the Heads of Government to exercise, to the maximum, their decision-making responsibilities. It also recommends that the Commission will encompass the structure of the CARICOM Secretariat.

     The Report (Lewis, 2006:12) notes that:

> …the Caribbean Community has not yet achieved the level of integration experienced by the European Union. Nevertheless, we believe that some of the principles and practices involved in the operation of the latter are quite relevant to Caribbean current and future integration requirements and could, therefore, be adapted in an effort to improve the effectiveness of governance in the Caribbean Community. In particular, consideration should be given to the adoption of a system that differentiates leally among specific kinds of Community decision-making: viz. regulations, directives, decisions, and recommendations and opinions.

     The TWG (Lewis, 2006:14) recommends that it is useful to apply the principle of 'proportionality' utilised by the EU. This stipulates that the content of and the institutional arrangements devised for Community action shall not exceed what is necessary to achieve the objectives of the Revised Treaty. It also recommends that this should be supported by the principle of 'subsidiarity' which is also utilised by the EU. This principle asserts that regional action would not be pursued in cases where action by individual member states is sufficient to achieve the specified goals of the Community and these states demonstrate a commitment to pursue such action. Nonetheless it recommends that CARICOM continues to be a community of sovereign states, which reinforces the inter-governmental nature of the regional project. It does, however, propose the passing of a Single Caribbean Act by the parliaments of member states which will permit the reception of Community Law in the jurisdictions of member

states. It also recommends the strengthening of the Assembly of Caribbean Community Parliamentarians to address the democratic deficiencies in CARICOM and automacity of financing to improve the financial arrangements of CARICOM, as is the case in the EU.

The Conference of Heads of Government considered the Report at its Inter-sessional meeting in February, 2007 and agreed that member states should consider the policy issues and recommendations contained in the report and the wide-ranging consultations should be held with other stakeholders including the parliamentary Opposition and Civil Society before the submissions of their positions to the Secretary-General. Though different in content to some degree, this report is akin to the 1992 *Time for Action* which recommended elements of the EU model for CARICOM. The question is, would the report be implemented? As The West Indian Commission (1992:56) noted, CARICOM has become associated with "inordinate delay and indecisiveness, with bu-reaucracy, with meetings which generate rhetoric and paper but spur little action that makes a difference." The challenge for CARICOM, in the economic realm, is to shift from integration on paper to action on the ground. This will require serious re-design of the institutional structure, decision-making procedures and culture which underpins integration.

Functional Cooperation

It is widely accepted that CARICOM has done best in the area of functional cooperation, particularly in the areas of health, education, sports and culture. Particularly in the area of health, the Pan Caribbean Partnership against HIV/AIDS has been instrumental in the fight against the epidemic. The Caribbean hosted the 2007 Cricket World Cup (CWC). This brought to the fore the question of security. A common CARICOM visa was issued and there was a regional approach to managing the event. According to Barbados' deputy prime minister:

> Sometimes you need catalysts to bring about transformation in society. There is no doubt in my mind that the challenges of trying to keep the region secure during Cricket World Cup will come to be regarded as one of the major catalysts in the integration movement of the region.[13]

CARICOM Heads of Government have recently recognised security as the fourth pillar of the Community (CARICOM Secretariat, 2007). This is timely given the non-traditional security threats which plague the region, such as the illicit drug

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[13] Mia Mottley, Deputy Prime Minister of Barbados, *Barbados Nation* Sunday March 4, 2007 'A stop closer to oneness'

trade, violence and criminality and HIV/AIDS. It is necessary to note that the discourse on security in the Caribbean is framed within the alternative paradigm which seeks to broaden the definition of security beyond the military sphere (Buzan and Weaver, 2004; Buzan, Weaver and de Wilde, 1989; Matthews, 1989; Ullmann, 1984; Weaver 1995).

As Griffith (2003; 2004) reminds us, security is multi-dimentional and has never been viewed merely as protection from military threats. He defines security as protection and preservation of a people's freedom from external military attack and coercion, from internal subversion and from the erosion of cherished political, economic and social values. Within this framework, security becomes critical to survival, not only for the viability of the state but also for socio-economic development. Griffith has used the case of illicit drug trafficking to illustrate how non-traditional security threats can undermine development. As the Girvan Report notes functional cooperation in non-economic spheres needs to be recognised as an integral part of the CSME.

Foreign Policy Coordination

On the question of foreign policy coordination, there has been mixed results. CARICOM played a leading role in initiating the negotiations for the Lomé Conventions. It also benefited from collective diplomacy in the General Agreements on Tariffs and Trade/World Trade Organization (GATT/WTO), the United Nations Conference on Trade and Development (UNCTAD), the United Nations Conference on the Law of the Sea (UNCLOS) negotiations as well as in various commissions and joint councils with Canada, Cuba, Japan, Mexico, the United States, the Organization of American States (OAS), the G3 (Columbia, Venezuela and Mexico), among others. In addition, by trading each others' support, the CARICOM countries succeeded in getting their nations elected to key international positions, such as Commonwealth Secretary-General and ACP Secretary-General. CARICOM has also been successful in assisting with territorial disputes in the region (Hall, 2003:xxii). Currently CARICOM has a collective cooperative relationship with Cuba, despite pressures from the United States. According to Miller (2004:5-6):

> We embrace Cuba as a bona fide sister-state in the Caribbean region and are committed to a policy of constructive engagement with its government and people. We do not believe that efforts to isolate Cuba, through exclusion from participation in hemispheric bodies like the OAS or the emerging Free Trade Area of the Americas (FTAA) or measures that create greater hardship for the Cuban people, such as a fifty-year long economic embargo, will foster change in Cuba…. We cannot

> accept "regime change" exogenously imposed upon the people
> of Cuba, to be, in any way, a viable option.

This spirit of solidarity with Cuba has underpinned CARICOM-Cuba relations. In this respect, CARICOM has spearheaded lobbying efforts for Cuba to be fully inserted into the hemispheric and wider international system. For example, CARICOM lobbied successfully for Cuba to be a founding member of the Association of Caribbean States (ACS). CARICOM was also at the forefront of the efforts which led to Cuba's successful application for membership in the African Caribbean and Pacific (ACP) group in 1999.   According to the CARICOM Secretariat (2005:31) CARICOM, strongly, though unsuccessfully, promoted within the ACP and in negotiations with the EU, the admission of Cuba to the ACP-EU Partnership Agreement. As such, Cuba is the only Caribbean country that does not enjoy a bilateral cooperation agreement with the EU since Cuba became a member of the ACP and a member of the forum of Caribbean ACP states (CARIFORUM) in October 2001 without being a signatory to the Cotonou Agreement. Roy (2004:8) refers to this as an anomaly where Cuba belongs to an exclusive golf club without being able to play golf. However, Cuba is an observer within the Caribbean Regional Negotiating Machinery (CRNM) and an active participant in CARIFORUM.

Within this spirit of cooperation, in 1993 CARICOM and Cuba signed an agreement which established the CARICOM-Cuba Joint Commission. The objectives of which were to promote cooperative relations between the Caribbean Community and Cuba in economic, social, cultural and technological fields. In this regard it was agreed that the members of CARICOM and Cuba will seek a greater understanding of each others' views and positions on issues which may arise in the various regional and international forums, in an effort to promote closer relations. It was further agreed that the Joint Commission will meet once a year alternately in a CARICOM member state and Cuba.[14]

CARICOM also had a generally collective stance with regard to the Haitian controversy in 2004. CARICOM deplored the removal of Aristide from office as setting "a dangerous precedent for democratically-elected governments anywhere and everywhere as it promotes the removal of duly-elected persons from office by the power of rebel forces…." CARICOM questioned whether Aristide's resignation was truly voluntary, as it came after the capture of sections of Haiti

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[14] CARICOM Secretariat, "Agreement Establishing the Caribbean Community-Cuba Joint Commission," December 13 1993.(http://www.caricom.org/archives/-agreement_caricom-cuba-jointcommission.htm) accessed April 27 2005.

by armed insurgents and the failure of the international community to provide the requisite support, despite appeals from CARICOM.[15]

With respect to Venezuela, most CARICOM countries have engaged in cooperative arrangements with the Chavez administration. In a recent visit to St. Vincent and the Grenadines President Chavez called for Caribbean countries to join him in his fight against imperialism. He argued that the Caribbean should be 'a sea of resistance to imperalism'.[16] Venezuela has given assistance to CARICOM countries particularly in the area of infrastructural development and energy through the *Petro Caribe* initiative. However, this has ignited tensions with Trinidad and Tobago which is a key CARICOM member and the region's only energy producer. Some observers have cautioned against Caribbean countries' close association with Chavez. According to Sanders:

> …President Chavez is a very volatile man whose policies toward a number of Caribbean countries should be analyzed beyond his anti-American rhetoric and the supposed largesse of his Petro Caribe initiative to supply oil to several countries… The Petro Caribe initiative is itself worrying. For, while it has the veneer of a good deal, all that it offers is deferred payment of a portion of the world price for Venezuelan oil. It may help the governments with immediate cash-flow problems but it is increasing their national debt and mortgaging the future of their countries to Venezuela… Caribbean countries have suffered for decades from the imposition of the will of the United States, it is right that they should try to resist it. But, they must also be careful of the ambitions of another potential [sub-hemispheric] hegemon.[17]

Dominica's prime minister indicates, however, that "we shall make no apologies that President Chavez is our friend and the people of Venezuela are our friends."[18] Given the United States preoccupation with the Middle East, and its benign neglect of the region, CARICOM has the political space to constructively engage Cuba and Venezuela.

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[15] *Jamaica Gleaner*, "This sets a dangerous precedent" March 1 2004.

[16] *Barbadian Nation* "Join me in Fight" 18 February, 2007.

[17] Ronald Sanders "A Devilish Problem: The Caribbean between Bush and Chavez" Online Commentary. 22 February, 2007.

[18] *Barbadian Nation* "Join me in Fight" 18 February, 2007.

Conclusions

In the contemporary global political economy, regional integration is an imperative for development. As proponents of the New Regionalism Theory (NRT) argue, however, the motivations for integration in the North are different from that in the South. While regional schemes such as the EU are consolidating their regional projects to better rule the world and compete for power in the Core, regional movements in the South are concerned with collective survival, resisting domination and strengthening their bargaining position in the global arena.

This chapter used the case of CARICOM to address the questions: what type of regional projects are emerging in the South and to what extent are they modelled after the EU? It examined CARICOM along three dimensions: economic integration, functional cooperation and foreign policy coordination. However to understand the current state of Caribbean integration, the early federal experiment cannot be ignored. The Caribbean 'benefited' from British tutelage. In essence the British encouraged 'bureaucratic/ administration integration' and promoted low cost low risk integration. To date, CARICOM is still trapped in that historical mole.

In terms of economic integration, as the case showed the Caribbean Single Market and Economy (CSME) is the pulse of Caribbean integration. Given it small size and the harsh realities of the global environment, CARICOM has an incentive to deepen economic integration, hence the CSME. As The Girvan Report shows CARICOM is attempting to move towards a single economy and development vision. This supports the NRT which argues that countries in the periphery have to by necessity pursue development regionalism: the sufficient size argument; the need for self-reliance; the question of credibility; to enhance collective bargaining; to foster social stability; to promote environmental sustainability and to encourage democracy. This focus on development is a positive step forward. Are there any reasons to worry? There always are. While it is generally understood that development regionalism is necessary, the challenge will be to put recommendations into action and to create the institutional framework, and political culture necessary to support this type of integration.

Since CARICOM is a Community of sovereign states which function within an inter-governmental framework, implementation is difficult. This is one major difference between CARICOM and the EU. While the EU pursues inter-governmentalism and supranationalism, CARICOM is almost purely inter-governmental (except for the Caribbean Court of Justice which is in its infancy). Nonetheless, the 2006 report of the Technical Working Group on Governance, like the *Time for Action* report which preceeded it fourteen years earlier, has proposed elements of the EU model for CARICOM. It recommends, for example, an Executive Commission; an enhanced role for the Assembly of Caribbean Community Parliamentarians; a Single Caribbean Act; the principles of proportionality and subsidiarity. If this report is adopted, it should help to

reduce the 'implementation paralysis' which has slowed down the pace of Caribbean integration. It would also shift the emerging CARICOM model closer to aspects of the EU model.

Another challenge to the CSME relates to uneven development within CARICOM. Unlike the EU, which can financially afford structural and cohesion funds, it is problematic to meet the treaty provisions for a development fund, since CARICOM comprises relatively poor countries. Therefore, for CARICOM integration must by necessity go beyond the economic question. This again speaks to the differences between regional projects in the developed and developing worlds.

Another deficiency relates to the 'information deficit' and the disconnect between the ordinary people and the CSME. This is one similarity that CARICOM shares with the EU and it is one feature that CARICOM should not emulate from the EU. Steps should be put in place to improve the democratic character of the regional movement to ensure that people are put at the centre of integration to ensure participation and greater social cohesion and security. Further research is needed on the question of democracy and integration. Does popular consultation slow down the pace of integration? Does an elitist approach facilitate the advancement of integration?

It is noteworthy that security is now the fourth pillar of CARICOM. This is a step toward deeper regionalism. It is necessary to emphasis that in the case of the Caribbean security goes beyond the military sphere to include human, societal and environmental security. When compared to the EU, security generally relates to 'high politics' such as the role of NATO and the dynamics of the Transatlantic relationship. This again speaks to the differences between regionalisms in the developed and developing worlds. There is need for further research on the question of regionalism and security, particularly as it relates to the Global South.

With regard to functional cooperation, CARICOM has been relatively successful, particularly in the areas of health, education, disaster management, sports and culture. The EU has been instrumental in providing aid to CARICOM and to individual member states in many functional areas. Caribbean countries have also received financial bilateral assistance from individual EU member states; most notably the British. It is necessary to note that the European Partnership Agreements (EPA) which is being negotiated between the EU and CARIFORUM, makes provision for financial assistance to advance regional integration.

In terms of foreign policy CARICOM is engaged in controversial relationships, particularly with Cuba and Venezuela. This reflects two factors. First, given the Caribbean's history of external domination – through slavery and colonialism – it has almost always adopted a foreign policy stance of Third World solidarity. Second, foreign policy in the Caribbean is for the most part linked to development needs. Therefore, by necessity it has to engage in

diplomatic maneuvering for its survival. On the question of foreign policy CARICOM has had mixed results. There is need for further research on regionalism and foreign policy options in the developing world.

In summary, the case of CARICOM suggests that regional integration in the South is of a special type. It is riddled by historical ghosts. It is reactionary to external forces and must go beyond the economic dimension. Consequently foreign policy becomes a strong tool in the region's collective bargaining with the rest of the world.

The case also suggests that regional projects cannot ignore the EU's model of integration, since it represents some basic ingredients for success – common institutions, political leadership and vision, financial commitment to integration, among others. In the case of CARICOM the 1992 *Time for Action* proposed aspects of the EU model. This report was initially ignored and later implemented in part. Currently, fourteen years on, another report is proposing similar rec-ommendations along the lines of the EU. It is necessary to note that whereas the EU does provide a reference point for integration, it should not be mimicked. CARICOM has to find its own path, while drawing insights from the EU. This paper argues that CARICOM has not yet come of age. However, it has not died in infancy either. It has moved beyond functional cooperation, but it is proceeding with the process of integration within a minimalist framework. Time will tell to what extent CARICOM will step into or slide out of the future. I remain cautiously hopeful.

Prospects of New Governance in South America: Insights from Europe

Aimee Kanner

Introduction

The 50th anniversary of the signing of the Treaty of Rome provides a timely opportunity for an evaluation of integration in the European Union (EU) and in the regions that have more recently followed in its footsteps. Regional integration initiatives have permeated the globe and certain aspects of the European integration process are apparent in many of them. While they are all deserving of a comprehensive analysis, the focus of the present study is on the EU, the Andean Community of Nations (CAN), and the Southern Cone Common Market (MERCOSUR).

A cursory glance of these three integration processes over the past year yields, at best, a questionable state of affairs. In Europe, following the negative results of the 2005 French and Dutch referendums on the Treaty establishing a Constitution for Europe, a reflection period was introduced, theoretically a time during which the future of Europe was to become clearer. Almost two years later, the reflection period has been extended seemingly indefinitely and there is no apparent solution to the current EU's situation of limbo. Integration conditions across the Atlantic appear no better and in fact reached crisis levels as Venezuela withdrew from the CAN and became a full member of MERCOSUR. Within MERCOSUR, the two smaller countries (Paraguay and Uruguay) have become somewhat disenchanted with the process, largely as a result of what they consider to be unequal trade benefits amongst the organization's member states.

While these headline-grabbing problems have received a great deal of public attention, and indeed are cause for concern, the day-to-day workings of regional integration in Europe and South America have not been interrupted. In fact, they continue with the declared support of the majority of the regions' leaders and with significant progress in certain areas of regional competence. The most visible integration has taken place in Europe with Bulgaria and Romania becoming full members of the EU on 1 January 2007, and Slovenia adopting the euro as its national currency on the same date. No less important have been the steps taken in the CAN and MERCOSUR towards increased regional integration. It is now possible for citizens of all of the CAN countries to travel without a passport or

visa within the CAN, providing a very important element to a truly single market, the free movement of people. A CAN passport meeting all of the newest international standards has also been adopted, implemented, and internationally recognized. In the Southern Cone, the January 2007 MERCOSUR Presidential Council approved the first US$100 million for social, health and infrastructure development projects in Paraguay and Uruguay through the MERCOSUR Structural Convergence Fund (FOCEM). Similar to the European structural funds which have been considered one of the great successes of the EU, FOCEM is designed to create more cohesion between the member countries of MERCOSUR, and rectify the natural regional inequalities resulting from different levels of economic development and strength among the member states.

In order to strengthen regional integration in the EU, the European Commission, since 2000, has encouraged improving European governance which became one of the Commission's strategic objectives. Thus, for the past seven years the Commission has been on a constant quest to improve methods of governance not just in its own daily practices but also in its external affairs. The EU has made the adoption of good governance initiatives a requirement for the allocation of its external regional development funding. With a conceptual framework based on governance, this paper will address to what extent and in what forms the EU, the CAN, and MERCOSUR have adopted practices of good governance, specifically those related to nonhierarchical governance. This qualitative analysis is based on a comprehensive review of original language primary documents from all of these regional organizations, hundreds of news articles, and official speeches. I argue that since 2005 the CAN and MERCOSUR have initiated but not consolidated exercises of good governance, particularly in the social, environmental, and cultural competences.

Governance and Regional Integration

Globalization, an undoubtedly contentious concept, both in terms of its meaning and its reality, nonetheless provides the context in which governance has become an overriding concern in sub-state, state, and supra-state politics. In its most basic construct, globalization refers to increased transborder interactions and worldwide implications. From this perspective, "globalization implies that connections across frontiers are not just occasional or random, but rather are regularized such that there is a detectable *intensification*, or growing magnitude, of interconnectedness, patterns of interaction and flows which transcend the constituent societies and states of the world order" (Held and McGrew, Goldblatt and Perraton, 2003: 67). In response and complementary to globalization, a parallel process has emerged, one of regionalization which has typically been accompanied by the creation of regional organizations and institutions. Within this increasingly accepted panorama of the current international system, the study of the interaction between state and non-state actors in policymaking and deci-

sion-making processes, governance in its simplest terms, has become progressively more necessary to explain national and international political processes and outcomes.

Governance does not negate the primary role of state governments in policymaking and decision-making either at the national or international levels, however, it does recognize the influential role of additional agents in these processes such as corporations (domestic and transnational), non-governmental organizations, and civil society groups, to name but a few. At the most basic level, from a liberal institutionalist perspective, governance is "the processes and institutions, both formal and informal, that guide and restrain the collective activities of a group" (Keohane and Nye, 2000: 12). More precisely, Rosenau argues that governance is represented by an increasing number of "centers of authority" around the world and at "every level of community" (Rosenau, 2003: 224). He further suggests that in comparison to the rule systems of government which are highly structured, the rule systems of governance are "social functions or processes that can be performed or implemented in a variety of ways at different times and places (or even at the same time) by a wide variety of organizations" (Rosenau, 2003: 225). This conceptual approach to governance accounts for political participation from different actors, at different times, and with regard to different competences, an invaluable tool for understanding political processes not contained within sovereign state borders and not limited to state actors. While not necessarily theoretical in nature, governance does provide a framework for researching and explaining political interactions and outcomes in processes of regional integration.

The EU has been by far the most widely studied process of regional integration in terms of governance. Multilevel governance has focused nearly exclusively on the EU and provides an alternative approach to state-centric theories in analyzing decision-making and policymaking in Europe. In this view, "European integration is a policy-creating process in which authority and policy making influence are shared across multiple levels of government – subnational, national and supranational" (Hooghe and Marks, 2001 [quoted in Nelsen and Stubb, 2003: 283]). Multilevel governance provides yet another explanatory tool for this study by incorporating sub-national levels of government, a necessary though not sufficient element for establishing nonhierarchical governance.

Given the complexities of the EU and the intention to "bring the EU closer to the European citizens", one of the four strategic objectives of the European Commission in 2000 was to reform European governance. In the Commission's 2001 White Paper on this subject, European governance is defined as "the rules, processes and behaviour that affect the way in which powers are exercised at the European level" (Commission of the European Communities, 2001: 8). The White Paper also identifies five principles of good governance that the EU works toward achieving, promotes in countries with which it has institutionalized relations and agreements, and attempts to embrace in its relations with third countries

(Commission of the European Communities, 2001: 27). These five principles of good governance are openness, participation, accountability, effectiveness, and coherence. Of these, this paper will focus on the principle of participation, sub-national governmental and non-governmental, in the EU, the CAN and MERCOSUR.

Research related to governance in the EU has come a long way over the past decade. The same cannot be said, however, for governance in processes of regional integration in the developing world,[1] despite the benefits it provides as an explanatory tool and its potential contributions to the study of regional integration and multilevel political processes and outcomes throughout the world. This paper seeks to add to these research areas and continues by considering progress in adopting exercises of nonhierarchical governance in the EU, the CAN, and MERCOSUR, focusing on the principle of participation by sub-national governments and civil society in regional policymaking and decision-making processes.

Sub-national Governments' Participation in the EU, the CAN, and MERCOSUR

Participation refers to the involvement of all those with an interest in the deliberations (though not decision-making) of a policy from its conception to its implementation, including but not limited to local and regional governments, grassroots organizations, and civil society (Commission of the European Communities, 2001). Why is participation such an important element of regional governance? The answer lies in the indispensability of legitimacy. "It [the Union] will no longer be judged solely by its ability to remove barriers to trade or to complete an internal market; its legitimacy today depends on involvement and participation. This means that the linear model of dispensing policies from above must be replaced by a virtuous circle, based on feedback, networks and involvement from policy creation to implementation at all levels" (Commission of the European Communities, 2001: 11). Legitimacy has long been a crucial aspect of the internal affairs of sovereign states, not only as a means of perpetuating political systems but also for recognition and respect in the international community; the same holds true for regional organizations.

European Union

The EU, with its mix of centralized and federal states, homogenous and ethnically divided societies, is a regionally diverse organization. The local and regional European governments have the responsibility for implementing the

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[1] Phillips (2000, 2001, 2003), Griffin (2005), Caballero-Anthony (2004), and Söderbaum (2004) have begun to explore the issue of governance in regional integration in developing areas: the Southern Cone, the Caribbean, Southeast Asia, and Africa, respectively, yet much work remains to be done.

majority of the EU policies. The EU, however, did not institutionalize involvement of these governments until the 1990s, and only after a push for inclusion from these governments themselves.   In the 1980s regional and local European governments began to collectively pressure the EU to reduce the democratic deficit and to recognize the regions in carrying out the EU's work. These efforts resulted in the creation of the Committee of the Regions (CoR) in the 1992 Treaty on European Union.

First meeting in 1994, the CoR now consists of 344 members, all of whom must hold a regional or local authority elected position or be politically accountable to an elected assembly. The European Commission and the Council of the EU are required to consult the CoR on policies related to the following issues: economic and social cohesion; education and youth; culture; public health; trans-European networks; transport; employment; social affairs; environment; European Social Fund; and vocational training (Committee of the Regions of the European Union, 2007). The CoR is responsible for providing written opinions on requested consultations and initiating its own opinions on additional issues the members feel are of particular interest to local and regional governments. This Committee provides a "formal outlet in which local and regional authorities can be heard through direct access to the EU institutions and their policy and decision-making processes" (Roy and Kanner, 2006: 30).

Andean Community of Nations and MERCOSUR

Economic crises and political instability have afflicted the Latin American countries for centuries. There is no doubt that at the domestic level all of these countries are in need of governance reforms. With these overriding and persistent problems why and how can the process of regional integration be important and, even necessary, for developing sustainable solutions in CAN and MERCOSUR? First, while governance may be failing on the national level, it may be stronger at other levels, including the regional and the local. "The weakening of the state does not necessarily imply an equivalent weakening of governance, which may be stronger at other levels than the national, involve new actors, and be both informal and private" (Söderbaum, 2004: 422). Second, the current economic crises and political instability are not contained within national borders and therefore, require a regional approach to their alleviation. Finally, just as in Europe, regional integration is not considered an end in and of itself but rather a means to resolving deeper and longer lasting problems such as was the case of the European Coal and Steel Community, which made war in Europe not only unthinkable but materially impossible. EU leaders argue that the same can hold true for South American integration, and are funding projects they believe will strengthen the CAN and MERCOSUR. These two sub-regional integration projects have welcomed this cooperative encouragement from the EU and, both

with and without the EU's financial assistance, have made small strides towards increasing participation in regional policy and decision-making processes.

Prior to the middle of the current decade, integration in the CAN was an exclusively elite progress with a singular focus on business and trade. The former Secretary General of the CAN, Allan Wagner Tizón, in an interview on this subject with César Contreras Altuve of *Ultimas Noticias* (Caracas, Venezuela) in November 2005, commented "We have not achieved integration that allows effective solutions to the problems of poverty, exclusion, and inequality in our societies." Realizing that the economic situation of the CAN countries remained precarious the agenda has changed to focus on "development with social inclusion". One of the mechanisms adopted to achieve the goals of this agenda is greater participation from regional and local governments in the regional integration process.

In May 2004, the Andean Council of Foreign Ministers approved the creation of the Andean Consultative Council of Municipal Authorities (CCAAM) which met for the first time on 1 July 2005. This consultative body, similar to the EU's CoR, is responsible for providing opinions and recommendations to the institutions that comprise the Andean Integration System (SAI).[2] This institution "represents a landmark in Andean integration as it incorporates the cities with a leading role in the decentralization of community policies and initiates a cooperative agenda between the local governments" (General Secretariat Andean Community, 2007a). Just as the CoR in the EU, the CCAAM is expected to consult on an established policy agenda: regional development; small and medium-size businesses; strengthening the Andean identity; utilizing new information and communication technologies to strengthen the connections between Andean cities; civil society; and financial mechanisms to promote local development and social cohesion (General Secretariat Andean Community, 2007a).

Much like integration in the CAN, the process of integration in MERCOSUR has been dominated by the elites, particularly the presidents of the member countries. Though there has been a strong push from the local and regional governments for greater recognition and participation in the policy and decision-making processes in the Southern Cone, the heads of state of these countries have been reluctant to grant greater sub-state involvement. Just as in the CAN, however, there is evidence of at least minimal progress towards greater participation.

On their own accord, and with the twin goals of gaining greater recognition for their potential role in regional integration and institutionalizing their participation in decision-making processes, several mayors of cities within the member

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[2] The SAI is a network of institutions, including a Commission, Parliament, Council of Foreign Ministers, and Court of Justice (among others) responsible for the policymaking and decision-making processes of the CAN.

countries of MERCOSUR[3] founded a city-level network called Mercociudades. The pressure they exerted on the leaders of MERCOSUR and its institutions resulted in the creation of the Specialized Meeting of the Municipalities and Departments of MERCOSUR, which met four times from 2001 to 2004. In 2004, the MERCOSUR Common Market Council approved the creation of the Consultative Forum of Municipalities, Federated States, Provinces and Departments of MERCOSUR. In this early stage it is still difficult to determine how much involvement this Forum will have in the policy and decision-making processes of MERCOSUR, particularly since the Decision that provides for the Forum's creation is rather vague on this point. There is little doubt that the Forum comes up short of what the network of MERCOSUR city leaders were hoping for (Chasquetti, 2006), yet small progress in this direction is certainly more welcome than no progress at all.

Civil Society Participation in the EU, the CAN, and MERCOSUR

Civil society - institutionalized peaceful citizen participation in organized social activity – involvement in policy and decision-making processes has become one of *the* key and most widely recognized successful elements in improving governance at all levels – sub-state, state, regional, and global. In his 20-year study of Italian regional governments, Robert Putnam found evidence that "the quality of governance was determined by longstanding traditions of civic engagement (or its absence)" (Putnam, 1995: 66). Particularly in developing countries, civil society has been seen as partially filling the gap left by weak, inefficient and/or corrupt state and local governments. In these countries, civil society groups often represent the interests of those who have been ignored or marginalized and have no formal access to the state. As civil society has begun to make inroads into influencing policy and decision-making at the national level in these countries, there has been a push to do so at the regional level as well. The inclusion of civil society groups in policy and decision-making processes creates a networked system of governance that is necessarily nonhierarchical and one that theoretically will be more effective and have greater legitimacy.

European Union

Much earlier than the EU's 2001 White Paper on Governance, in fact with the creation of the European Economic Community, the European process of regional integration began to provide an institutionalized method for civil society to participate in its policy and decision-making processes. The European Eco-

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[3] The full member countries of MERCOSUR at this time were Argentina, Brazil, Paraguay and Uruguay, and the capital cities of each of these countries were amongst the 12 founding cities of Mercociudades.

nomic and Social Committee (EESC) was created through the 1957 Treaty of Rome and is an institution designed to be a formal link between the EU and organized civil society. This objective was reinforced by the EESC in 2004 when it established a Liaison Group to better coordinate and communicate with organized civil society groups in the EU member states.

There are 344 members of the EESC from the 27 EU member states. The EESC, like the CoR, is an advisory body from which the European Commission and the Council of the EU must solicit an opinion on proposed policies in certain issue areas: single market, education, consumer protection, the environment, regional development, and social affairs (Roy and Kanner, 2006: 82). Like the CoR, the EESC is responsible for providing written opinions on requested consultations and initiating its own opinions in cases where the members feel there will be a significant impact on organized civil society. According to a former President of the EESC, Beatrice Rangoni Machiavelli, the strength of the EESC "lies in our role as representatives of civil society, in the breadth of our mission, in the experience and skills of our members who are an integral part of economic and social life, and in the quality of our opinions. This strength will enable us to contribute with renewed enthusiasm to a most ambitious and exciting project: building a united Europe" (European Economic and Social Committee, 2007).

European civil society was encouraged and did widely participate in the 2002-2003 European Convention established to debate the future of Europe, and which ultimately produced the draft Treaty establishing a Constitution for Europe. During the Convention, a Convention Forum was created to serve this process, particularly via the Internet. Although the Convention's work has come to an end and the future of Europe is undergoing a period of reflection, civil society participation in this debate continues through an EU Internet site called Futurum (Europa: The Future of the European Union – Debate, 2007). The continued direct participation of civil society in this debate will ensure the future path of the EU, when it is decided, is more legitimate in the eyes of the European citizens.

Andean Community of Nations and MERCOSUR

Since the transitions from authoritarian regimes in the South American countries, most of which took place in the 1980s, there has been a great increase in civil society organizations, due in large part to the new democratic environments. These civil society groups have been somewhat successful in holding governments accountable and bringing issues to the national and regional agendas that would not have otherwise been priorities. Just as the EU considers civil society to be one of the keys to improving its own governance, it believes the same can hold true in South America, which is demonstrated in the White Paper on Governance and in the EU's subsequent policies towards the CAN and MERCOSUR.

The European Commission's 2004-2006 Revised Regional Indicative Program for the Andean Community includes a specific initiative and budget line for CAN interaction with Andean Civil Society. This initiative, funded with €4 million of EU technical and financial assistance will:

> involve transferring the experience amassed by the EU in its work with civil society. European know-how relating to the participation of civil society in political processes will be transferred, particularly to minorities such as indigenous peoples and to other social groups such as women and trade unionists, who have traditionally been neither consulted about political initiatives nor involved in their implementation or whose vital interests are threatened by such initiatives (European Commission Directorate General External Relations, 2004: 8).

The dual objectives of this civil society program are (1) to strengthen the democratization of the integration process, and to spread awareness about Andean integration and its potential benefits, all to help garner popular support for the CAN; and (2) to support and enhance the construction of the Andean zone of peace (European Commission Directorate General External Relations, 2004).

European support for the development of MERCOSUR civil society and its inclusion in the Southern Cone integration process is currently much greater than it is for the CAN. The EU had not prior to 2002 developed any civil society-specific projects with MERCOSUR, however, that significantly changed with the MERCOSUR-European Community Regional Strategy Paper 2002-2006. In this strategy, the EU funds civil society development and participation within MERCOSUR itself as well as joint civil society inclusion in the negotiations for the EU-MERCOSUR Association Agreement. To this end, two EU-MERCOSUR civil society conferences were held, one in 2000 and one in 2002. With regard to financial assistance over this four-year strategy period, the EU earmarked €14.500.000 for civil society development and participation, with a special emphasis on joint EU-MERCOSUR civil society projects with the purpose of disseminating a greater amount and higher quality of information regarding the EU-MERCOSUR negotiations to the citizens on both sides of the Atlantic Ocean. The MERCOSUR and EU-MERCOSUR projects entail establishing an information society, enhancing MERCOSUR's social dimension, and creating an educational and cultural dimension with audiovisual support and industry integration (European Commission Directorate General External Relations, 2002).

What progress has been made in these two sub-regional organizations toward developing civil society participation in their integration processes? In the case of the CAN there is evidence of not only increased, but sustained and institutionalized mechanisms for civil society groups to interact within the SAI. In

addition to the relatively new consultative institutions that have been created for this purpose, the CAN often posts on its website open calls for public participation in the form of submitted opinions, points of view and recommendations on issues under current consideration by the CAN.

The creation of institutions that act as liaisons between the CAN and civil society are another indication of progress toward meeting the established goal. A Business Advisory Council and a Labor Advisory Council have been operational since 1998; both are consultative bodies with the power to present their opinions and recommendations to the other institutions of the SAI. The Business and Labor Advisory Councils are composed of delegates from each one of the CAN member states, representing the highest level of national business and labor organizations (General Secretariat Andean Community, 2007c). More recently, in 2002, the Andean Indigenous Board was inaugurated, with representatives of Andean indigenous community organizations, governmental organizations, ombudsmen, and a group of experts. This consultative body is charged with providing opinions and recommendations on matters of relevance to the Andean indigenous communities, particularly, reducing poverty, development with social equity, and recognition of the role of the indigenous communities in the Andean countries (General Secretariat Andean Community, 2007d). In 2003, the Andean Council of Foreign Affairs Ministers passed Decision 539, which establishes another consultative body, the Andean Consumer Defense Board, responsible for ensuring fair market and commercial practices for the citizens of the CAN member countries (General Secretariat Andean Community, 2007b). While it is still difficult to determine the actual outcomes of these newly formed advisory institutions in the CAN, given their fairly recent development, their mere existence is an indication that the CAN, despite much less EU financial support for such initiatives, is taking very seriously the challenge of including civil society in the process of Andean integration.

Institutions have also been created to enhance civil society participation in the process of integration in MERCOSUR. The main consultative body of this nature is the Economic and Social Consultative Forum (FCES) which was created in 1994 through the Ouro Preto Protocol, began operations in 1996, and is largely modeled after the EU's EESC. The FCES is composed of individuals representing national business and labor organizations of the MERCOSUR member states. In addition to submitting opinions and recommendations to the Common Market Group, MERCOSUR'S executive institution, one of the main responsibilities of the FCES is to promote the inclusion of civil society in the MERCOSUR integration process. The FCES is continuously involved in the following four issue areas: consolidation of the MERCOSUR customs union; deepening the process of Southern Cone integration; the external relations of MERCOSUR; and social aspects of integration (Administrative Secretariat MERCOSUR, 2007).

In the context of the FCES, another advisory body was created in 1995, the MERCOSUR Women's Forum (FM). A completely nongovernmental organization, the FM represents the issues of primary interest to women to the FCES and other MERCOSUR institutions. The FM interests of focus are reducing poverty and unemployment amongst women, and increasing gender equality and women's security (Ministry of Foreign Affairs, 2005). The FM provides an institutional link to MERCOSUR for many civil society organizations and their interests.

Conclusion

Although the EU, the CAN, and MERCOSUR are currently experiencing complications in their processes of regional integration, this does not necessarily ring the death bell for these regional organizations. In fact, as has been demonstrated in this paper, while the difficulties have been the dominant issues in the press, behind the scenes, integration continues to progress, and indeed, move toward including certain elements of good governance in their daily practices. It should be remembered that the EU which has the longest experience in the regional integration endeavor has overcome crises at the local, national and regional levels during its 50 years to become what many consider to be the most successful attempt at regional integration in the world.

The institutionalized inclusion of sub-national governments and civil society organizations in the EU, CAN and MERCOSUR integration processes remains a work in progress. This is particularly the case for the CAN and MERCOSUR due to the relative newness of these exercises in the Southern Cone. The nature of these initiatives makes it difficult to measure their outcomes though this will be an important area for future research.

At the same time, sub-national governments and civil society organizations have begun, through consultation, to participate in the policymaking and decision-making processes of these three regional organizations, a positive advancement in and of itself. Participation by the people and the organizations that are most interested in specific policies and/or those that will be responsible for the policy implementation can only serve to make these policies more effective and legitimate in the eyes of those they are developed to serve. Strengthening the legitimacy of these regional organizations will reinforce their mandates to govern those issue areas which are of common interest to the governments and civil societies of their member states.

Origin and Evolution
of the South American Community of Nations

Marcos Aurelio Guedes de Oliveira

Introduction

There are three periods of initiatives for integrating the Americas since the end of the Cold War. The first period began with the US move that led to the US-Canada Free Trade Agreement and to NAFTA. In South America, Brazil and Argentina were dealing with their problems of security celebrating bi-national agreements of cooperation in sensitive areas such as nuclear technology. The Initiative for the Americas by former President George Bush was the most important action of this first moment and it represented a daring proposition from the US perspective to deal once and for all with the issue of hemispheric integration.

The second period started with South and Central American reaction to the US move what produced a revival of regional integration arrangements. The creation of Mercosur embodied this positive counter-action. At this point, if one takes a hegelian perspective, he/she would conclude by saying that now it would come the synthesis of both action and reaction. In other words the celebration of a hemispheric free trade agreement. Unfortunately what followed was a decline in US commitment to its initial proposal and disappointment in Latin America about US intentions. Mercosur and other regional integration processes were left to accomplish integration on their own.

The third period began with the absence of Latin American issues in US foreign policy and its domination by security concerns. This new US action or inaction -what Howard Wiarda (2006) called "benign neglect"- let South America free enough to make a new and enlarged move in terms of foreign policy. This led to both the birth of the South American Community of Nations and the introduction of a security perspective on the debate about South American integration.

This chapter shows the decline of trade as a central issue for the integration of South America and discusses the new period of integration in the region marked by security issues. It describes how Brazil proposed the South American Community of Nations (SACN) known also as South American Union (SAU) and what are its main goals. It also shows its differences when compared to Mercosur. The basic argument is that SAU represents a new perspective on regional

integration, a new view linked to security concerns, based on geopolitical integration and on a search for a more independent and active political role for the region in global politics.

The Decline of Hemispheric Integration through Trade

When President George Bush launched the Initiative for the Americas in 1990, many believed that after the end of the Cold War the Americas were about to go into a new era of prosperity led by the US, now as the only superpower. There was optimism about a possible upgrading of Latin America within US foreign policy. Some believed that trade and investment would drive US action in the region and this would promote a new wave of growth and development throughout the region (Smith 1993; Tulchin & Espech 1998, 2001; Weintraub 1994).

The positive impact of the Initiative for the Americas in Latin America was immediate. Together with Argentina, Paraguay and Uruguay, Brazil started in 1991 an integration process named Mercosur. Three months later, the US and the countries of Mercosur signed in Washington an agreement for their integration. Continental integration was the goal. In 1993 Brazil launched the idea of a South American Free Trade Area (SAFTA) in order to try to unify South American countries and prepare to a larger integration process. One of the main explanations for Mercosur at the time was given by the "theory of the Swimming Pool". According to it, Mercosur was a kind of preliminary exercise in opening the regional economy to the outside. The experience learned by Mercosur members would be important to keep economic stability when they had to integrate into North American economy (Florencio & Araujo 1995).

Unfortunately the US proposal did not live to its expectations. Soon after President Clinton launched his FTAA in 1994, it became clear that social and political issues were not going to be addressed in the US initiative. Due to the gap between words and reality, the FTAA proposal began to be interpreted by many as an attempt by the US to dominate Central and South American economies and re-design its hegemony in Latin America. Supporters of FTAA pointed out the positive aspects of NAFTA on Mexican economy: growth of its northern region; growth of trade with the US and so on. Nevertheless, the Mexican case also showed that the key issue of regional asymmetries in Latin America was not dealt with. If Mexico wanted to be looked at as a model case in favor of FTAA, there should be a way to address regional asymmetries in Latin America, an issue that has provoked social and political unrest and instability all over the region.

Since the beginning of the FTAA initiative, Brazil has occupied a strategic position within its negotiations. It co-chaired the process with the US while continued to work for the development of Mercosur, a sub-regional integration initiative intended to go far beyond FTAA promises.

According to a former Brazilian Ambassador to the US, Rubens Barbosa[1], a FTAA acceptable to Brazil and Mercosur should include: a) the elimination of tariff barriers and the transformation of all specific customs duties into *ad valorem* tariffs; b) effective access to markets by means of a gradual but continual reduction of all non-tariff barriers (i.e. quotas, phytosanitary measures, etc.); c) discipline in the application of defensive trade measures (e.g. safeguards, anti-dumping) that affect Brazilian agricultural exports to the United States as well as other sectors that have been traditionally subjected to selective protectionism (i.e. steel products, footwear, etc.); d) a precise understanding that mechanisms that provide for unilateral trade sanctions must not be used; e) the elimination of trade-distorting mechanisms (such as export subsidies) and the disciplined application of domestic subsidies that affect the setting of domestic and foreign prices; and f) harmonizing the FTAA negotiations with those of the WTO, in order to adjust the advances achieved within the scope of the Hemisphere to the efforts that will be undertaken in multilateral agreements.

As one can see the issues of discord between Brazil and the US concerning FTAA were above all internal to the idea of trade liberalization. There was a perception that the US proposal would trap important sectors of Brazilian economy within a set of agreements that would benefit only US business. This view enhanced the arguments against the FTAA proposed by the US and pushed into its opposition even those Latin American intellectuals who believed that international trade increases economic welfare and supported the opening of Latin American economies to the US.

In face of little progress towards a multi-lateral agreement, the US reoriented its policy in two directions. Firstly, to search for the establishment of bi-national free trade agreement with Latin American countries at the expenses of an overall agreement. Apart from the agreement reached with Chile, the US has not been able to make progress in this direction. On the contrary, this option has undermined the importance given to free trade in the FTAA initial proposal. Secondly, incapable of conciliating its proposals with Mercosur views, the US stepped back and accommodated itself in a kind of deadlock.

The US took agricultural subsidies - a central issue for Latin America- off the negotiations and indicated the WTO as the adequate forum to deal with it. In response Brazil suggested that intellectual property – a central issue for the US-should also be removed from the FTAA agenda. The optimistic idea of a FTAA as a way forward for the Americas was abandoned. It was gradually replaced by a set of summits and meetings that did not led to solutions. Politics and geopolitics were dominating again the theory and practice of hemispheric integration.

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[1] Barbosa, R. *The FTAA that is in Brazil's Interest* in http://ctrc.sice.oas.org/geograph/westernh/bush_e.asp

This time free trade was not the dominant factor. Regrettably, access to the US market had become a tool of foreign policy making.

After September 11, the FTAA debate became irrelevant to the George W. Bush administration. The "securitization" of US foreign policy replaced the idea of opening markets and fostering free trade for the idea of closing borders and subordinating trade and all other issues to security. Now, one must support US foreign policy in order to apply for access to the US market. During the first year of President Bush administration, US support for the legalization of illegal workers from Latin America was seen as a matter of justice. After September 11, Latin America became a problem due to large number of illegal and uncontrolled emigrants in and coming to the US.

This situation was interpreted in Latin America as a confirmation that the FTAA was not part of a solution to its problems. It also enhanced Latin America perception that it had to find a way by its own to foster economic growth as well as to reduce social asymmetries. Regional integration arrangements such as Mercosur and the Andean Community regained perspective.

It was Brazilian President Fernando Cardoso that invited South American Presidents to participate in September 2000 on what later became known as the First South American Presidential Summit. According to his assessment the meeting was historic and represented a step forward to the construction and exchange of common experiences on democracy, peace, justice and prosperity for all countries of South America (Lafer 2002). Cardoso pointed out five key decisions taken at the meeting.[2]

First, the countries of South America must strive together to keep and consolidate democracy, human rights and freedom in the region. And this must take into account the history of the great South American leaders that fought for independence and freedom. Second, Mercosur and the Andean Community must move into shaping an enlarged South American free trade area including also Guyana and Surinam. Third, each country is expected to draw a plan and projects for the development of South American energy and transport infrastructure. They would count with the support of the Inter-American Development Bank and other regional institutions to finance these projects. Fourth, a committee was created to combat money laundering as well as corruption and organized crime in the financial sector. Fifth, a regional fund was created to foster common development of sciences and technology. The seed of the South American Union was planted and the debate on regional integration began to introduce issues other than trade.

Firstly seen as an up-dated version of the South American free trade initiative taken by former Brazilian President Sarney, it represented a further attempt to keep the debate on the need for regional integration firmly on the agenda of South American nations. It also introduced a new treatment to the issue of inte-

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[2] Fernando Henrique Cardoso, " Cúpula Sul-Americana:Uma Avaliação" in Correiro Brasiliense 7 March, 2007.

gration at the levels of energy (building of dams, the use of natural gas and other common natural resources such as water) and communications (roads, railroads, waterways and ports).

The Second South American Presidential Summit held in Guayaquil, Ecuador in July 2002 advanced the decisions taken in Brasilia and represented an assurance that the Presidential summits were a new and very important multi-lateral mechanism for the region. The countries of the Great Caribbean and of South America had the opportunity to link their economies and search for solutions to common problems.

The Guayaquil Consensus issued by the Summit emphasized the development of physical infrastructure for continental integration. Transport, telecommunications and energy were designated as the key elements of an Initiative for the Integration of the Regional Infrastructure of South America (IIRSA), launched at the First Summit in Brasilia in 2000.

IIRSA's guiding vision is to facilitate integration within the three main coastal zones of South America-Caribbean, Atlantic and Pacific-and to link these with the continent's internal regions. IIRSA's Technical Coordinating Committee is composed of three key financial institutions: the Inter-American Development Bank (IDB), the Andean Development Corporation (CAF), and the Financial Fund for the Development of the River Plata Basin[3].

Following up the call for projects at the Brasilia Summit, 162 projects in the three priority sectors for financing and implementation were identified. These include a bold scheme for road transportation linkages among Brazil, Guyana, Suriname and Venezuela. In Guayaquil, the Foreign Ministers of Venezuela and Guyana agreed to establish a Technical Committee on the construction of a direct road link between the two countries.

Other agreements on the development of transport infrastructure have been signed between Bolivia and Chile, Chile and the Southern Common Market (MERCOSUR), Chile and Argentina, and Brazil and Paraguay. There is also a major project for the development of multi-modal transport to link the countries in the Amazon River Basin to the Atlantic and the Pacific.

Suriname, Guyana, Venezuela and Colombia are all Amazon countries and are participants in an ACS Program for Uniting the Caribbean by Air and Sea. In addition, the Plan Puebla Panama (PPP) envisages, a road, telecommunications and energy network linking Mexico and Central America as far south as Panama. The ACS, IIRSA and PPP initiatives should be seen as complementary to each other. Viewed as a whole, they could offer a strategic opportunity for South America and the Greater Caribbean to be opened up to one another, with the mainland Caribbean countries serving as a bridge by means of north-south and east-west transport linkages.

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[3] see http://www.iirsa.org

Trade concerns were overshadowed by the initiatives for fostering the infrastructure projects. Security was also at the Presidents agenda when they adopted a Declaration on keeping South America a Zone of Peace. The South American Peace Zone was a step to prepare the region to face the possible escalation of conflicts in Colombia and also aimed at gradually reducing military spending in the continent so as to release more resources for investments.

Having perceived the emerging importance of security in the post 9/11 world, Cardoso's diplomacy started to reshape Brazilian foreign policy within the new paradigm. By the time President Lula took office, many thought Mercosur was in decline. The new Brazilian Foreign Minister, Celso Amorim, declared the government's interest in revitalizing Mercosur creating a development fund and a Parliament. President Lula became more active in foreign policy in order to pursue the regional and global objectives of Brazil, thus creating new partnerships worldwide. In accordance to the growing concerns with security, Brazil took its candidature to become permanent member of the UN Security Council as a centerpiece of its foreign policy. This represented a shift in the core of Brazilian foreign policy from economic interests to security interests. In a context in which the US preferred the search for terrorists to the search for a hemispheric free trade agreement, Brazilian diplomacy tried to follow the tide by projecting its interests into the center of global diplomatic concerns.

The experience from two Presidential summits has indicated new ways to collectively deal with challenges raised by regional development and diplomacy. It has also introduced other key issues to an agenda dominated by trade. It helped the region to find a way to adapt regional interests into dominant global security issues. The formation of SAU seemed the best tool to achieve that.

The South American Community of Nations was launched at the Third South American Presidential Summit in the Peruvian city of Cuzco in 2004. Peruvian president Alejandro Toledo, declared a new country out of the convergence between Mercosur, the Andean Community, Chile, Surinam and Guyana was being born and it would one day have a common currency, parliament and passport. He said the new community would also help member nations to confront the challenges of globalization and if in the past, geography divided South America, today it unites it. For him, SAU creates a market of 361 million people with a GDP of $973bn, exporting $181bn of goods and services. Contrary to this optimistic view, doubts were raised at the time on the progress of the SAU due to trade disputes between Brazil and Argentina and the lack of diplomatic relations between Chile and Bolivia. Nevertheless, SAU somehow helped these countries to move towards bi-lateral dialogue in order to find viable solutions to their disputes (Da Silva 2004; 2005).

According to the Cuzco declaration the South American countries shall improve the coordination of regional diplomacy and politics towards the outside world. It also called the regional business to come forward and participate in the process of integration. The convergence between Mercosur and the Andean

Community as well as the issue of energy and transport were present too. The locations for the summit were chosen for their historical significance and their association with events that reflect well on South America. Cusco was the ancient capital of the advanced civilization of the Incas. Ayachucho was the site of an 1824 decisive victory against Spanish troops by the South American independence movement headed by Bolivar.

The creation of SAU represented a radical shift to the region. Trade was no longer the main issue. South American countries were free to enhance their power and practice diplomacy among them and with the outside world as they never did. Despite strong differences in style among South American left wing leaders, they all seemed to agree on the need to construct a regional pole of political power in order to influence world politics. At this point all regional interest were being shaped within the idea of security.

The New Perspective of Security in South American Integration

Mercosur was also affected by the drive towards security. It continued to negotiate with the EU and with the United States and the search to establishing trade agreements worldwide gained a new impetus. It made important initiatives towards Africa, Asia and North America and there are ongoing negotiations with Australia, Canada, and Mexico. Recently, successful trade agreements have been signed between Mercosur and India, Southern African countries and Arab countries. These initiatives have been criticized as if Mercosur have opted to abandon the will to reach agreements with the US and the EU. But it can be understood as a way for the bloc to enhance its global relations if looked from a security perspective.

Perhaps the most important initiative by Mercosur -and which is now within the framework of the South American Union- has been directed towards the region's infrastructure projects, some of which have for decades depended on outside funding. Being able to reduce its debt and enter into a period of sustainable development, Brazil directed the Brazilian development bank -Banco Nacional de Desenvolvimento Economico e Social (BNDES)- to finance projects involving the integration of communications and the production of energy.

In August 2003, 23 projects worth US$ 5.5 billion for the integration of South American infrastructure were presented by 12 South American countries. Most of these projects are near the frontier between Mercosur countries and they aim to transform what used to be areas beset by security concerns into ones of economic prosperity. Growing investment from large regional enterprises, as well as multinationals, is set to consolidate a new pole of economic growth at the heart of South America. In 2004 alone, foreign investment by Brazilian

businesses stood at US$ 9.5 billion and most of it went to the Mercosur area.[4] There has been continuous growth in small- and medium-sized regional enterprises as well as in investment from Europe, North America and Asia.

A proposal for the setting up of structural funds to combat asymmetries among Mercosur members was approved in 2004. According to the site ADNmundo, Paraguay has received in January 2007 its first share of these funds. US$60 million dollars are in the account of the Ministry of Economy of Paraguay to be spent in social projects and in the construction of roads. Mercosur fell under the spell of the security era. It now has to accept that SAU is the main regional framework and thus it must adapt to security principles.

Europe came forward to play a role in this change. It held a summit in Caracas in March 2005 with Brazilian, Colombian, Spanish and Venezuelan leaders. They agreed to strengthen political alliances, pledged to combat terrorism, drug-trafficking and poverty. They also evaluted the situation of the region looking for ways to accelerate the geopolitical element of South American Integration. The Heads of State reiterated their support for the South American Union, evaluated progress with respect to the strengthening of ties between their countries and renewed their commitment to deepen the dialogue and the political coordination in shared areas of interest.[5]

Security issues dominated their agenda in Caracas. The four countries pledged support for the creation of a multi-polar world, respect for sovereignty and for international human rights treaties. Although they recognized the fundamental role of the United Nations in preserving peace and international security, they affirmed that the international body, in particular, the UN Security Council, needed to be reformed, and decided to coordinate their views in several upcoming international forums. Another issue was the combat of drug trafficking and terrorism. Alvaro Uribe, the Colombian President received a positive response, as all four Heads of States affirmed that terrorism and drug trafficking are serious threats to democracy and security around the world, and pledged to coordinate joint efforts between national authorities within the bounds of international law. The International Agreement for the Repression of the Financing of Terrorism and Resolution 1373 of the Security Council were pointed to as valuable tools to efficiently combat and punish terrorism. At the summit Spanish Prime Minister Zapatero sold military equipment for both Venezuela and Colombia for patrolling their frontier and reducing the shipment of cocaine to Spain.

Next SAU Summit was in Cochabamba, Bolivia in December 2006 and took place after the reelection of Lula in Brazil and Chaves in Venezuela and the victory of Evo Morales in Bolivia and Rafael Correa in Ecuador. It was

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[4] Reynaldo Passenezi Filho, "Internacionalização, um desafio para os brasileiros", *Valor Económico,* 28th March, 2005.

[5] Sarah Wagner "Summit in Venezuela accelerate South American Union" in Venezuelanalysis.com.

dominated by the enthusiasm brought about by these victories and an attempt by Chaves to give SAU a strong populist touch by declaring that it needed urgently to put its decisions into practice. Declarations given by Chaves and Morales indicated that the trade liberalization agenda, particularly the FTAA idea, was out of question. Integrating South America was the main issue of this summit while a proposal for the creation of a South American Parliament was raised for the first time.

This Summit was followed by a Mercosur meeting on January 2007 in Rio de Janeiro, Brazil. Although Mercosur represents only a part of the South American Union, the meeting was marked by political issues such as the move of Venezuela to consolidate its membership and of Ecuador and Bolivia to become full members of the bloc. Since Venezuela joined it, traditional economic issues had to concede to political ones. How to combine Mercosur search for trade liberalization with the new populist and nationalist views is a challenge that the region must face in the near future. Otherwise it might put in danger all the gains provided by the window of opportunity opened to the region in the post-Cold War era.

SAU, MERCOSUL and the EU

Although Mercosur and the South American Union have their own forms and objectives, they are both spaces for regional dialogue and their summits are the most telling barometer of progress and discord within South American countries. In spite of this common ground, the Mercosur meetings, as well as its initiatives, are devoted to the advancement of the process of regional economic integration. For instance, negotiations to accommodate the interests of different entrepreneurial sectors of Brazil and Argentina are done at this intergovernmental body. Mercosur still pursues its aims of achieving the stage of a free trade area and a customers union among the four founders, Brazil, Argentina, Uruguay and Paraguay. Lately, a new challenge has been added: the incorporation of Venezuelan economy into the incomplete regime that rules in Mercosur.

Differently, the South American Union has become a forum for collective discussion of regional social and security issues. It has also identified itself with the fostering of infrastructure project for the physical integration of all South America. Perhaps its main challenge is to take out from bureaucratic desks long waited projects of roads, dams, bridges, and formulate new ones for the formation of an energy and communications network to be financed by the Brazilian BNDES, the Inter-American Development Bank and by Venezuelan petrodollars.

Mercosur gave the region an international status it never had. It resisted FTAA and offered another view of regional integration to the US. It led the US to abandon its one-sided project of free trade for the hemisphere and recognize that in order to advance the process it should look at Mercosur and other regional

blocs as players to negotiate with. Unfortunately very little has changed when we compare the 1994 Miami declaration to the 2005 Mar del Plata one. Initial hopes of progress were substituted by feelings of doubts and by a perception of stagnation. The growing of China in the world economy dramatically reduced both the hemispheric and the international impact of a successful free trade agreement in the Americas. In the North, the US is unable to deal with issues of migration from the South. Mexico's economy is stalled and the country is looking for other trade opportunities outside the region. In the South, the absence of new US initiatives has eliminated prospects for hemispheric free trade agreements.

In face of these deadlocks there appears to be two alternatives left to Mercosur, the US and the EU. The first one would be to leave their differences aside and try to reach an overall agreement within the World Trade Organization. The EU, the US and Mercosur are trying to do that but so far without any breakthrough. The other alternative is inaction. And inaction means stagnation and growing conflicts. Regrettably this seems to be the ways things are now in the hemisphere. The region needs new tool to expand its interests. If the trade door is closed, maybe security would offer alternatives to stagnation.

Without a US response to South America, the European Union appeared not only as a reference for South American integration but as a model with a social framework that would be essential for it to deal with its problems of social exclusion and development. EU and Mercosur officials have met and declared their wish to reach a free trade agreement many times. But attempts towards it were always blocked by conflicts over agriculture. For many in Latin America, both the EU and the US have been trying to have complete access to the sectors of South American economy in which they have competitive advantages without offering a similar compensation particularly in the US and EU heavily subsidized agriculture sector.

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The role of a multi-lateral SAU to boost regional integration and power has been effective. It has even been presented by some as similar to the EU. Some academics agree that SAU might lead to an EU-like system in two decades. Others are skeptical about its potential to solve key regional disputes over territory and leadership.[6]

Old issues of building up roads, producing energy, making it accessible to the backward areas, developing the economy and enhancing the governmental presence at the frontiers are back within a security view. Traditional security issues, such as combating organized crime, have gained new and higher status while new issues, such as searching for common regional security policy, are emerging.

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[6] "Tem futuro a Comunidade Sul-Americana?" in www-dw-world.de.

The recent agreement between Brazil, and the USA on ethanol, once considered a trade issue and now upgraded to a security one, indicates that security might help the region to achieve what trade alone cannot.

But can a security agenda unlock hemispheric integration? Will SAU move closer to the EU model? Will South America deepen its links and forge at last a new active identity in World politics or will it succumb to its ghosts from a past of caudillos, radical nationalism and undemocratic practices? Developments throughout the next few years will possibly indicate answers to these questions.

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